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ABSTRACT

Contents of these hearings include the testimony of the following witnesses, as well as materials appended as pertinent to the hearings: (1) Lloyd Lewis, Jr., Chairman, Dayton City Planning Board and member of the Miami Valley Regional Planning Commission's Housing and Human Resources Advisory Committee; (2) Dale F. Bertsch, Executive Director, Miami Valley Regional Planning Commission, Dayton, Ohio; (3) Martin E. Sloane, Acting Deputy Staff Director, U.S. Commission on Civil Rights, accompanied by Caroline Davis, Chief, Education Division, and Karen Krueger, Chief, Housing Division; and, (4) William L. Taylor, Director, Center for National Policy Review, Catholic University Law School. Appended materials include: (1) "A regional housing plan: The Miami Valley Regional Planning Commission Experience," Dale F. Bertsch and Ann M. Schafor, reprinted from "Planners Notebook"; (2) "Home ownership for lower income families: a report on the racial and ethnic impact of the Section 235 program, June 1971," a report of the Commission on Civil Rights; and (3) "Bok Gooi, Hok Gooi and T'ang Jen: or, Why there is no National Association for the Advancement of Chinese Americans," Tom Wolfe, from the New York Magazine. (JM)

ED 061 359

# EQUAL EDUCATIONAL OPPORTUNITY—1971

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## HEARINGS

BEFORE THE

SELECT COMMITTEE ON
EQUAL EDUCATIONAL OPPORTUNITY

OF THE

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

EQUAL EDUCATIONAL OPPORTUNITY

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## PART 21—METROPOLITAN ASPECTS OF EDUCATIONAL INEQUALITY

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WASHINGTON, D.C., NOVEMBER 22, 23, 30, 1971

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EDUCATION & WELFARE
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# METROPOLITAN ASPECTS OF EDUCATIONAL INEQUALITY

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MONDAY, NOVEMBER 22, 1971

U.S. SENATE
SELECT COMMITTEE ON
EQUAL EDUCATIONAL OPPORTUNITY
*Washington, D.C.*

The Select Committee met at 11:05 a.m., pursuant to call, in room 1318, of the New Senate Office Building, the Honorable Walter F. Mondale, chairman of the committee, presiding.

Present: Senators Mondale, Hatfield, and Ribicoff.

Staff members present: William C. Smith, staff director and general counsel; Bertram Carp, professional staff; and Leonard Strickman, minority counsel.

Senator MONDALE. The hearing will come to order.

This morning we have two witnesses to testify on the plans underway for the Dayton, Ohio, area. Mr. Dale Bertsch, secretary for the Miami Valley Regional Planning Commission of Dayton; and Mr. Lloyd Lewis, Jr., chairman of the Dayton City Planning Board.

Will you proceed?

## STATEMENTS OF LLOYD LEWIS, JR., CHAIRMAN, DAYTON CITY PLANNING BOARD AND MEMBER OF THE MIAMI VALLEY REGIONAL PLANNING COMMISSION'S HOUSING AND HUMAN RESOURCES ADVISORY COMMITTEE; AND DALE F. BERTSCH, EXECUTIVE DIRECTOR OF THE MIAMI VALLEY REGIONAL PLANNING COMMISSION, DAYTON, OHIO

Mr. LEWIS. May I further describe the hats I wear. I am one of two black members of this commission, and I understand that is a rarity in commissions. We have, we think, a very unique commission too in that we have out of 84 members, 77 who are elected officials and we cover a five-county area, with Dayton as the center of the area. And we go a little beyond the ordinary housing type thing, inasmuch as we go into the economic and social as well as the physical aspects of our region.

### HOUSING DISPERSAL PLAN INITIATED

But we have initiated a housing dispersal plan, which has been voluntary, and each of the jurisdictions has accepted it to some varying degrees. We have had something like 140 public hearings on it, so it has been well known and well used. We have set up an A-95 review process, where we have all of the projects that come before our region, we pass on. And I am the chairman of that committee for housing. And we have housing, low- and moderate-income housing started at least on the plans for each of our five counties.

The city of Dayton has passed its own housing plan—which is a microplan of the regional plan—and we have taken into consideration those things such as public housing, elementary school population and available land. We have divided it into what we call housing opportunity areas. These housing opportunity areas are areas where we encourage builders and developers to place housing.

Conversely we discourage building in the already impacted areas.

I am sorry to say that our opportunity areas are disappearing, because the city of Dayton has surpassed its goal of housing set by the Miami Valley Regional Planning Commission.

Our question now is do we attempt to cut off low- and moderate-income housing within the city? Who is that going to hurt the most? The people we serve certainly. We have some pluses certainly in our area. We have gone so far as to have public housing started in our county, which is a first, I think, and we have some moderate-income housing in each of the counties. Some of the negatives, we have had a very difficult time in getting housing into our southern suburbs, the more middle-class type suburbs.

## IMPACTED SCHOOLS

One of the big objections to the suburban areas has been the lack of adequate school space and the financing of their schools. We have one township which has reached its quota and it is in deep trouble schoolwise, because they already have two-a-day sessions and one recently completed 236 housing projects. The management really doesn't know where the children are going to go to school even today.

Senator **MONDALE**. Is there any evidence that the FHA considers the impact on schools or the community of excessive units of low-cost housing? In this case, 236 housing.

Mr. **BERTSCH**. I can address myself possibly to that.

Traditionally, they have not had to worry about it because the FHA in practice actually has encouraged housing of a subsidized nature into the central city. In fact I think the time frame lag indicates, from the standpoint of FHA recognizing our plan, for example, the difficulties that we have had in attempting to separate or not separate the subsidized from the nonsubsidized for the central city versus the suburbs. That has presented a great many problems.

More recently, especially in the dealings which we have had directly with the central office in Washington and especially since the plan has been accepted by HUD and by the Federal Government, as a method, we have been allocated a certain number of breakthrough units to attempt to disperse these throughout the region.

The central office does consider the impact on schools; and, in fact, requires a statement of involvement from the school districts. Regardless of that, in our A–95 process, it is a criteria we have established.

Mr. **LEWIS**. In order to sell this housing plan we have to overcome this problem of impacted schools. We, the Miami Valley Regional Planning Commission, have passed a resolution and sent it to our Ohio

State Legislature recommending that the State provide such aid to those school districts that are accepting the low- and moderate-income housing. And we strongly see a need for a bonus for these jurisdictions—somewhat on the level, maybe, that we provide help to military impacted school districts.

Senator Mondale. We have adopted the Eagleton amendment which would, in effect, give impact aid to the school districts for the education of public housing children.

Unfortunately, funds for this assistance were knocked out in conference.

Are you suggesting there should also be some similar support for federally-assisted housing, other than public housing?

Mr. Lewis. Right, because the public housing is primarily center cities and where we are getting the breakthrough is in the FHA type, 236-type housing, which needs help too.

Dale can go from here with a lot of facts and figures.

Senator Mondale. Go ahead.

### Plan for Low- and Moderate-Income Housing in Suburbs

Mr. Bertsch. Thank you, Lloyd. I might state that I will be more than happy to provide copies of the general comments that I make after the fact, if the Senator would care to have them. Lloyd has already indicated, in July of 1970, the commission issued a housing plan and called for the assisted construction of 14,000-plus dwelling units for low- and moderate-income households within our total region.

They were to be built over a 4-year period throughout the whole region, not just in locations of the older central city. The plan pointed out the fact that Dayton had all of the region's inventory of public housing and virtually all other Federally-assisted units. It concluded that a full range of housing opportunities for everyone was called for, and that this meant that the supply of needed housing be increased and that the location of such new units must be geographically expanded. This meant placing low- and moderate-income housing units in other areas of the region, especially in Dayton's immediate suburbs.

This plan was approved by the representatives of the region's governments, which sit on the MVRPC as its commissioners.

Senator Mondale. Did you break down how much public housing, how much 235, how much 236, and so on?

Mr. Bertsch. We have a capability of breaking that down within a model system. Possibly at a later date, we will do this. The concept, however, was, from a strategy standpoint, not to do that within the first year's hearings because the question of even allowing 236 and 235 outside of the central city, let alone separating public from assisted and black from white, et cetera, was a very volatile issue and became volatile at the hearings.

Senator Mondale. Your figures don't include a breakdown for public housing or a breakdown by race?

Mr. Bertsch. The public housing from a numbers standpoint is included within the 14,000 figure. It was not broken down in the allocation.

The subcommittee which Lloyd Lewis is chairman of has established a policy, however, that of those units, no more than 10 percent of the allocation can be made up of 235 units and 20 percent must be public housing. Just as a start.

Senator MONDALE. Is that 20 percent within any community or 20 percent of the overall target?

Mr. BERTSCH. Twenty percent of the overall target, and 20 percent within any of the jurisdictions.

Senator MONDALE. Must be public housing?

Mr. BERTSCH. Yes.

Senator MONDALE. Low-cost family public housing?

Mr. BERTSCH. Yes.

Mr. LEWIS. We really hadn't separated it at that time.

Senator MONDALE. Can they take 20 percent of the units and make them senior citizens' public housing?

Mr. LEWIS. We have tried this already and that doesn't work too well, either. Any type of public housing has an onus, and our south suburbs just haven't taken even the senior citizens.

We certainly, as a committee, would allow that; but, we are anxious to get the plan off the ground—to get some housing established and then we think we can go from there.

Senator MONDALE. So you have general overall guidelines, but you are being flexible, sort of like the Phase II, right into Phase III.

Mr. BERTSCH. There have been instances, though, where in the processing, for example, through the A–95 review process, that we have stopped or we have encouraged that an application be modified to include considerable family housing versus the elderly market. So in that sense, it has been done.

I think it also might be interesting to note that after the plan was passed, that the Commission proceeded then to undertake another study, a copy of which I will be glad to leave for the record.* The actual publication will be printed in January.

Basically, we referred to it as the housing impact study. It is called "Directions for the Suburbs." Basically it explored all of the problems recognizing that successful implementation would require information about the impact of the various types of programs.

The study was undertaken, and in the study, an effort was made to ascertain what factors act as what we called facilitators and inhibitors to the placements of low- and moderate-income units into the suburbs and neighborhoods and communities.

## EVALUATION OF OPPOSITION TO LOW- AND MODERATE-INCOME HOUSING

I think without delaying here to describe the procedures of obtaining the data, or the attitudes or the ultimate analysis modeling, it is only necessary to note that the study did provide us with a deep understanding of the effects of at least those perceived reasons by the residents, and those to be housed, and the elected officials of the region.

Criteria will be developed to be used in the placements of low- and moderate-income units and was further used to evaluate the existing Federal programs. It must be understood that much of what we have done comes from the people of our region; thus some of the specifics may only apply to our region. Many of the factors we feel, however, can impede or facilitate housing opportunities and they do verify some old myths, and also have considerable application throughout the entire Nation.

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*See Appendix 1, p. 10503.

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We explored, for example, and identified some of the major issues or fears of suburban people, the fear that property values would drop with housing of this nature, property taxes would increase, neighborhoods would drop in social status, neighborhoods would become less stable. Those people wouldn't fit. Housing maintenance would decrease. There would be a decrease in law and order, the change in shopping facilities would occur because of the new group's needs.

There would be a drop in the quality of schools. And the statement that their beliefs would be different. Other items which really did not range as high, maybe because of the fear of expressing them, was the whole question of race or that the people really don't want to live there, or that they have too many children.

I think that all of these items were explored in considerable length and were evaluated in the study which I describe.

Senator Mondale. The study you submit has an evaluation of those concerns?

Mr. Bertsch. Yes; in direct response to the question of education, I think that I can outline a couple of very general things.

Wayne Carle, the Dayton school superintendent, who works very closely with our commission, noted here to your committee, I believe about a month ago, that 75 percent of Dayton's schools were racially impacted. And this represents about 40 percent of the region. If you consider the total region, the figure actually goes to 86 to 94 percent, depending upon what percent makes up the question of impaction. The racial percentage, black to white, within our region is about 14 percent, 14 percent of the region is black.

Senator Mondale. What percentage in Dayton?

Mr. Bertsch. In Dayton? Thirty-five.

Senator Mondale. But it works out to 14 percent regionally?

Mr. Bertsch. That is right. If you assume or shoot for a goal of, say, 7 percent of all schools to have black students—7 percent of the students to be black—you would be shooting for an 86 percent of impaction. If you would shoot for a 14 percent, you would have a considerably more difficult problem.

Second, I think it is important to understand that the direct expenditures by local government show that educators for $1,472.6 million out of $2,941 million, or over 40 percent of all local expenditures within our region goes to education. If you add Federal aid, which only amounts to a very small amount to aid education in our region, it increases the ratio even at that point.

I think that certainly—I might make some specific references to the text within this report. On pages 72, 73, and 74,* where it outlines that nothing new was found, really, in the report, where we talk about these things being affected, that is the property values, et cetera, if low- and moderate-income housing is disbursed.

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*See Appendix 1, pp. 10584–86.

### Effects on Property Values

There is a verifiable fact that you can show that property value has been affected within the central city, primarily because there has been virtually no control.

I think another reason is the low- and moderate-income groups who live in the central city contribute relatively little in taxes, and they live in the old and lower-quality dwellings of relatively low-market value.

It would be hoped, though, in a disbursal plan that this would not be the type of housing that would be scattered, and that a great many times, the upper class, so to speak, or in the other sense white families themselves are the actual cause of the effect on property values because of fear.

We would hope that the housing plan within our region would minimize the possibility that providing low- and moderate-income housing would burden a community if the units were provided through public housing.

We feel that through the use of the leasing programs and through the use of some new Federal aid or additional State aid, this would be able to be minimized considerably. We would hope that some potential solutions, for example, would be the use of a wide variety of structural and locational options, programs aiming eventually at home ownership, aiming at class mix or the counseling programs. There is a tremendous need to have 237 programs which are aimed at counseling of potential homeowners funded at the Federal level, for example. And also that there would be additional support to preclude the imposition of tax burdens, supports for additionally needed public service, such as the day-care centers which is becoming extremely controversial in Congress at the present time.

Basically, the results of our study relative to education or to establishing better framework could probably be summarized in five major points. One is that the development of State or Federal school tax equalization programs that actually make up for differences in the assessed evaluation of property taxes per pupil in different school districts, that new public housing in the suburbs pay full property taxes.

### Federal Aid for Services for Low-Income Families

Second, passage of new Federal legislation to pay for the services that frequently accompany new dwelling units in low- and moderate-income housing, if they are to be beneficially housed——

Senator Mondale. What is the last point?

Mr. Bertsch. There be Federal aid to provide the supplemental needed services that many times suburban communities cannot provide for themselves, the things, for example—many times the argument in the suburbs is that the reason they don't want that housing is because the medical facilities, the day-care centers, things of this nature, are provided within the central city and why move the people away from them? Those types of services must accompany the housing or you do do some damage, not only to the recipient community, but to those people being housed.

Senator Mondale. In other words, they say, "Not only would we have to make up from our own revenues the cost of educating these children; but, there are a lot of other things that go with low-income families like medical care, day care, which are going to have to come out of our pocket."

Mr. Bertsch. That is correct.

Senator Mondale. And unless the Federal Government or somebody picks up the tab——

Mr. Bertsch. That is correct. There are a great many programs that have been provided by Congress. The tendency is, though, for these to be channeled in and given high priority to the central city, because this is where the need is.

Many times these types of programs and this type of direction can work, contrary to a concept, like we are attempting to instigate.

Senator Hatfield. Mr. Chairman, may I interrupt here?

I think this is partially a myth, because if you look carefully as to the percentage of tax dollars that are going to the central city versus the suburban areas, you will find the suburban areas are already getting the major part of the tax expenditures, at the county, State, and Federal level.

Mr. Bertsch. Not in the innovative type programs we are talking about, that are aimed at low- and moderate-income people, though. The point I am getting at is there are no low- and moderate-income people in the suburbs now, therefore, there is no appreciable moneys going in there at all.

This is a reemphasis of priority aimed at the low- and moderate-income families.

Senator Hatfield. I would like to pursue that a little further, because I think this hits at a presumption, the presumption that the poor don't pay taxes.

### TAXES PAID UNEQUAL TO SERVICES RECEIVED

I think we have to be very careful to realize that central city core problems that we like to think are being so emphasized by many Federal programs and State programs, raise the question as to whether or not they are paying out more taxes than the service they are receiving.

If you look at a very interesting study here in Washington of the poorest, blackest ghetto—the Shaw-Cardozo area—which showed putting a dollar tag on all of the visible governmental services at all levels that are poured into that area, and that those people are still paying out $5 million more annually in taxes than the services they are receiving, which raises a number of questions.

One is, among others, perhaps they would be better off if they were permitted to retain some of that tax money or resources and do for themselves, rather than this general concept, tax them and then put back certain Federal or other programs that are going—that are supposed to be better. I am not so sure they are.

Then, also I think we have to look at the thing from the perspective of the overall tax dollar and the percentage of that tax dollar that is being rendered in service today and is far greater for the suburban areas of the country than the central core cities.

Mr. **Bertsch**. I don't think there is any disagreement. I agree with everything you state. It is a question of priorities. We find the suburban communities are having a crack at innovative programs, the innovative dollar, whereas the dollar from the Federal programs in the core city, for example, is being aimed in a different direction.

We are also seeing from the standpoint of FHA programs, for example, they very seldom, if ever—it takes the initiative of the local communities—take into consideration the needed day care facilities, say, early start programs, in suburban location sites, primarily because FHA doesn't encourage suburban locations.

### PROPERTY TAX AND FEDERAL PRIORITIES

Senator **Hatfield**. I think also, Mr. Chairman—I will end with this additional comment—I think we have to be much more explicit and much more direct and much more honest with the taxpayer, because much of the resentment or much of the rebellion against this kind of program that is used in the tax field, which is the tax argument, is that the suburbanite does not delineate between his property tax dollar and his income tax dollar. To him it is all out of the same pocketbook, and he doesn't delineate between local school budgets and Federal budgets, and the way these respective echelons of government are spending his tax dollar. You see, he is oversimplifying by saying we need more help from the Federal Government for these various services such as garbage disposal, recreation, schools, medicine, et cetera, based upon the assumption it will come out of his property taxes if he doesn't get Federal relief, which is probably true. But at the same time he never stands up to challenge the way in which the Federal Government is spending the resources he is paying into the Federal Government through corporate and personal income taxes and the disproportionate share of that Federal tax dollar that is going to nonpeople problems.

We let him continually oversimplify the tax issue by applying it strictly and almost exclusively to his property tax. I can understand that, because he has to pay that all at one time and he gets hit pretty hard; whereas, we dribble it out on a withholding tax basis at the Federal level, because otherwise, we would never be able to collect it, if we waited until only one time a year.

But I do think we have a responsibility, Mr. Chairman, in all of these programs to really answer him, not just within the context of his own thinking in terms of property tax dollar relief, but also how the Federal Government is now spending a disproportionate share of his income tax for military and other purposes rather than letting it go into the people programs which could help relieve his property tax.

Mr. **Bertsch**. I think it also could be pretty well shown that if there were some built-in concern within some of the FHA programs, that all of the impact that supposedly comes from low- and moderate-income housing is not entirely a myth, and there might be some truth to some of these problems and these concerns are being considered and that there are resources available for solving them.

The resources are there, now, provided within many of the Federal programs. I think the difference is from a priority standpoint—FHA is not required to consider them when placing programs, and many times within the existing housing programs they are not made an actual part of a project.

Senator MONDALE. I have to interrupt, we have a vote. We will be right back. [Recess.]

Senator MONDALE. On the way over, I thought since this sounds a little like the Ribicoff plan, it would be a good idea if he came over.

Senator RIBICOFF. I am delighted that Senator Mondale recommended that I come here. I have heard of what you have been doing in Dayton, but I don't know exactly the mechanics of your program. Not having been here for your testimony, I will sit by quietly until the other members question you.

### DISPERSAL OF LOW-INCOME HOUSING

Senator MONDALE. Interrupt at any time. As I understand your plan, it is essentially to try to disperse and scatter low- and federally-assisted housing into a greater metropolitan area rather than to congest it, as it is today, in the central cities, and to, in effect, allocate and allot a pro rata share approximately of the housing that is needed into the different communities in this five-county area, and to go to the communities and ask each of them to accept their pro rata share. Would that be essentially it?

Mr. BERTSCH. Yes.

During the break, Steve indicated it might be helpful to describe a bit the housing plans from a conceptual standpoint and maybe from my standpoint, more importantly from a strategy standpoint, what was done politically in order to get the concept adopted by the commission.

For Senator Ribicoff's interest, Lloyd Lewis, who is a Dayton representative on the Commission and chairman of our Human Resources and Housing Subcommittee, outlined earlier that the MVRPC does cover five counties, the Dayton SMSA, plus one additional county. In addition to that, we have a commission consisting of county members and alternate delegates, 84 members, 77 of which are elected in their own right within their communities and/or counties.

We cover the full range.

Senator RIBICOFF. It is unfair for me to ask you to repeat what you have already told the other gentlemen, so I will read the transcript later. You go ahead, and I might ask a question now and then.

Mr. BERTSCH. The housing plan basically began as a process in 1969. We identified the normal need, we identified the constraints on housing, the problems facing the whole housing picture within our plan, much akin to the type of thing which is being suggested within Congressman Ashley's bill on the House side.

From that point, then, it was determined from a strategic standpoint that we needed—not necessarily disperse or scatter people or housing, as much as scatter housing opportunity—make viable alternatives available to those people of low- and moderate-income means to live in the communities where their employment exists. To live in communities or within school districts of their choice.

## Quota System Establishes Deficit

It is that concept, then, that developed the so-called quota system which established, from a need standpoint, a deficit—from a need standpoint there were 14,000-plus units that were needed by those people of low- and moderate-income means. That 14,000-unit deficit was then allocated from a goal standpoint across the planning units within our region.

Thus, the intention was—and continues to be—to use that goal as a management device through the A–95 process—to encourage local communities to meet their responsibility.

Likewise, one of the major complaints which is heard by elected officials across our region, when they begin to advocate low- and moderate-income housing within their communities, is that certain communities within the suburbs are going to become the pressure relief valve for the central city. Therefore, it is anticipated, and we have used—the commission has used—the goal also as a shutoff valve for low- and moderate-income housing construction in the suburbs.

So it not only becomes a lever, it also becomes a top and in that way you can shutoff an area and direct market activity into other areas of the region.

It is going to take considerable monitoring and it is going to take probably some adjustments in the long run from a strategy standpoint.

Senator Mondale. How are you coming with the plan? Have these communities accepted their allocation? Are you far enough down the road to know whether they will fulfill their commitments?

Is this a plan that looks good, or is it actually working? I think that is one of the key questions.

You know, the most common assumption is that many of these communities around the country just cannot be expected to voluntarily accept any of this kind of housing.

Are you optimistic? Are you far enough down the road to believe it is working?

Mr. Lewis. May I comment, Senator, on one township that has met its quota. We have put the lid on it, so to speak.

There are something like 450 units. We have reached the quota, and have put the lid on. The FHA office has accepted our negative review of any additional housing there.

So far as that goes, it does work.

Senator Mondale. Is that 236 housing?

Mr. Lewis. 236 and public housing.

Senator Mondale. What kind of township was that? Was it a built-up suburban community?

Mr. Lewis. It is a township adjacent to the city and has a mixed population. The nearer the city, the more black and more poor it is. As it goes out, it becomes very affluent.

Senator Mondale. Where is this, halfway out?

Mr. Bertsch. Nine miles out.

Senator Mondale. Is it a poor township?

Mr. Lewis. I wouldn't classify it as a poor township, no.

Senator Mondale. What kind of housing went in there, 236?

Mr. Lewis. 236. And that went pretty much all over the township.

Senator Mondale. Scattered?

Mr. Lewis. Yes, sir.

**Mr. Bertsch.** We are having some problems with one large project for the city of Trotwood, which is actually within that township. It appears that when you begin to approach a more affluent suburb with housing of this nature, there evolves additional market considerations by FHA and there is a greater degree of justification that is necessary from a market standpoint.

But I might comment further on whether it is working, because a great many people wonder, and I suppose it depends on who you talk to within our region, but a memorandum which our office prepared evaluating the process would indicate that as of January 1969, of roughly 2,500 units of low- and moderate-income housing and public housing units, all of them—all of them—were in the central city.

Two years later, June 1971, within the central city they basically still have the majority of public housing, although there are 100 units existing in the unincorporated portion of Montgomery County. There is an additional thousand which the county commissioners, in Montgomery County, have accepted for the unincorporated portion and subject to funding, they will be constructed.

In addition to that, there are more FHA-assisted units now outside of the city than there are inside of the city. There are 737 units—this is as of June 1971—outside, and 804 inside.

### INCENTIVES FOR BLACKS

**Senator Ribicoff.** Mr. Bertsch, the entire area that you are working on, as I note here, has an 11-percent black population?

**Mr. Bertsch.** The census now shows 14 percent, actually.

**Senator Ribicoff.** Fourteen-percent black.

As you are building this housing out into the so-called suburbs outside the central city, is it your intention that the proportion of units occupied by blacks will be about 14 percent, or are they going to be concentrated in larger numbers?

**Mr. Bertsch.** This will depend a great deal on whether or not the blacks execute the option to move to the suburbs.

**Senator Ribicoff.** Let's say they do. Are you going to be putting up a quota system or not? How are you going to try to figure this out?

**Mr. Bertsch.** We have not utilized a quota system at all. We have attempted to monitor the advertising of new housing as it becomes available and to see to it that the advertising occurs within the black newspapers prior to the white newspapers. We have provided additional education and counseling within the black community and worked with the Model Cities and Urban League and NAACP in this regard.

We do require a quota, it was just agreed upon, in fact, last Wednesday finally, on work force for people obtaining contracts in the construction of low- and moderate-income housing, and in the training programs for people within the trades which traditionally have been closed to blacks.

**Senator Ribicoff.** Now, how does this housing compare in appearance with private housing in the general area?

**Mr. Bertsch.** From an appearance standpoint, it looks just as good as anything else that is going up.

Senator Ribicoff. The private housing in that area?

Mr. Bertsch. That is correct.

Senator Ribicoff. Is it varied housing, single homes, duplexes, high-rise, detached, attached, what sort of variety do you have?

Mr. Bertsch. They vary all of the way from the 235 program, which aims primarily at single family attached garage or carport, to 236 projects which range all of the way from 24-, 36-unit townhouses or garden apartments up to 150 units in a project. We have a limited number of high rises. The use of the high rise, though, is pretty well governed by a political subdivision's capability to provide firefighting apparatus capable of fighting a fire within a high-rise structure. So from that standpoint, the high rises have pretty well been limited to the central city.

We have a high rise which has been rejected by FHA—and I will be carrying to HUD today an appeal—in a suburb. They have rejected it on the basis of no market, and we can show a list of over 1,000 signatures which were developed within that area.

## Suburban Industries

Senator Ribicoff. Let me ask you, are there industries or jobs in Mad River, Oakwood, Kettering or Moraine or are those merely bedroom communities for the jobs in the central city of Dayton?

Mr. Bertsch. Moraine, for example, is the most highly industrialized community we have. The population is only 5,000 plus or minus. It has one of the highest tax rates from the standpoint of yield in the State of Ohio, and yet one of the smallest property tax rates in terms of personal property tax in the State.

Senator Ribicoff. So you are trying to bring the people in. Now, let me ask you this, as an entire region, what are the dominant industries in this region?

Mr. Bertsch. National Cash Register, General Motors, with a full complement of General Motors facilities, Frigidaire, Delco, all of those. Wright-Patterson Air Force Base is the largest employer in the region, in fact, the largest employer in the State of Ohio.

Senator Ribicoff. Have National Cash Register, General Motors, and Wright brought their influence to bear on community acceptability of what you are trying to do?

Mr. Bertsch. Base officials were the first to work with communities in the Fairborn area unit just to the north and east of the map you have in front of you, I don't know what the number of it is on the map, they undertook with the local churches within that particular community in excess of 400 units of 236. They have not seen fit, I would say, to publicly apply any pressure whatsoever. They have been influential behind the scenes.

Senator Ribicoff. How about General Motors and National Cash Register?

Mr. Bertsch. National Cash Register specifically has been influential behind the scenes, not openly. And—well, I shouldn't say that. We found about 1½ years ago a need for front money or seed money in order to stimulate nonprofit corporations for example, and the chairman of the board of National Cash Register—along with a number of vice presidents of various divisions of General Motors within the Dayton area—saw to it that there were sufficient votes to give the regional planning commission, through a nonprofit organization, the profits of the PGA Tournament held in Dayton about 2 years ago. So all of those profits went into a rotating seed bank.

In addition to that, they were very influential in bringing about noninterest rotating seed loans from the three major banks. So at present we have somewhere in the vicinity capability of being able to loan out front money of between \$2½ and \$3 million.

Senator **Ribicoff**. So in other words, the big banks and the big industry of the area, who represent the economic base of the area, have cooperated with you?

Mr. **Bertsch**. That is correct.

Senator **Ribicoff**. What if you did not have the cooperation of big industry and big banks in the area, would you be just as successful?

Mr. **Bertsch**. I don't think we could have. When I talk about the process of putting the whole plan together, it is important to understand that we used every segment of the region and in order to make the plan workable, there had to be an aura, at any rate, of respectability; or respect in terms which not only the commission's or the staff's capability of being able to produce reputable facts and figures. But, to call shots relatively clear and within some framework of compromise, not just shooting out of an ivory tower.

Senator **Ribicoff**. In other words, the people who live in the areas where the housing is going are generally employees or depend for their livelihood upon the basic main employers of the area, National Cash Register and General Motors and the banks?

Mr. **Bertsch**. That is basically correct.

## Site Selection Problems

But, Senator, don't let me leave the impression, whatsoever, that we don't have problems when it comes to a project. Our polling system indicates that 66 percent of the people within the total region, 72 percent of the people within the central city, feel that our plan is equitable, good, and right, and all of them say to the pollsters that they feel that their communities should be economically and racially integrated.

But when it comes to picking a specific site out for a specific project and having a specific public hearing for a 101 resolution, in order to have rent supplements, for example, which is just another requirement for a public hearing, we have hell to pay just like any other public hearing. In fact, the city of Moraine has turned its back on three occasions to actually providing sites for the housing. And they have been cited through a civil rights finding to the Ohio Civil Rights Commission. HUD has made a finding and it has been referred to Justice—so we have problems, especially in the southern suburbs, where you have the more affluent people and the people who—within the last 10 or 20 years—have found themselves leaving the central city.

Senator **Ribicoff**. What are your estimates or projections for the percentage of black students in the suburban school system? Would it be in the nature of 9, 10, 11, 12, 14 percent when you finish the housing projects?

Mr. **Lewis**. I think not. That would be very ambitious.

Senator **Ribicoff.** In other words, what percentage would it be?

Mr. **Lewis.** Four or five.

Senator **Ribicoff.** At the present time there is nothing.

Mr. **Lewis.** Zero.

Senator **Ribicoff.** So there is no difficulty in having these communities absorb 4 or 5 percent.

Mr. **Lewis.** I see no problem.

### RESTORATION OF CENTRAL CITY

Senator **Ribicoff.** As you move these people into the suburbs, or the suburban area, is there any change taking place in the population of the central city? Are you doing anything to get the middle class to come back into the city at all? Are they coming back into the city?

Mr. **Lewis.** We have some very ambitious plans but the action is what we need. On our drawing board for central city we have a new luxury high-rise for the downtown area. We have a restoration project on the drawing boards to bring middle-class people back in. But it hasn't happened.

Mr. **Bertsch.** I might comment a little on that. In relation to your first question, I think you need to note that when we talk about the deficit of housing, 14,000 units, that is only the deficit. In other words, these goals will grow bigger and the amount of low- and moderate-income housing that has to be provided will increase as growth takes place. It is not a one-shot type of commitment. I think at the present time it is really too early to tell what is going to transpire, because even though there have been 800 or 1,000 units built outside of the central city, there still is the attitude that you can run to the suburbs and turn your back on the central city. And I think there is always a very strong feeling that even though it is a plan, even though some of the suburbs are going to be taking theirs when we're through the A-95 review process, for example, attempt to put a lid on housing within certain areas, or we attempt through the A-95 process to withhold sewer and water funds or park funds or funds of that kind, that the Federal Government is not going to let us get away with it. Especially in light of the comment, you know, where the President talks about not wanting to force integration, economically, that is.

### RESISTANCE AGAINST INFLUX OF POOR

We find from an economic standpoint that the one big area of black suburbanites we have, we had the worst public hearing in that area than any other area in the region.

Senator **Ribicoff.** You're referring to middle-class suburban blacks?

Mr. **Bertsch.** Middle and upper.

Senator **Ribicoff.** And they were concerned you were going to bring in poor blacks.

Mr. **Bertsch.** They didn't care whether they were poor blacks or whites, they just didn't want poor people.

Senator **Ribicoff.** So the resistance really is against the poor. Under your plan are people on welfare going to live in this housing, or are they employed people?

Mr. **Lewis.** In this particular case, it was moderate-income housing, 236. So it certainly wouldn't be any welfare people as such.

Senator RIBICOFF. So it is irrespective of race, color, or creed. You have experienced great resistance of the middle class against the poor, no matter what color?

Mr. LEWIS. It is poor in the black suburbs and it is black and poor in the white suburbs.

Senator RIBICOFF. When you meet resistance in the suburbs, what is the life style of the blacks coming in? Is it the same as the whites in the area? Are they concentrated in areas all black or all white, or is it pepper and salt, where you have a lot of middle-class blacks in the suburbs?

Mr. LEWIS. This was an open-ended ghetto situation, you might call it. Dayton is unusual in that respect. The land was developed and built by black people as black suburbs adjacent to the city and then on out. As they pushed out into the township, the white people that were still there, generally rural, so you have a very sophisticated, affluent black and rural white in this township.

Of course one of their big objections to the housing is that their schools are impacted now.

Mr. BERTSCH. Yes.

Senator RIBICOFF. You say the schools are impacted. What would happen if the Federal Government picked up half of the bill of school costs in the communities you are building in?

Would that make a difference in the attitude of the people in the suburbs? What is the basis for the opposition you find? Is it economic? Is it racial? Is it socioeconomic? Is it out-of-pocket economic because of taxes?

Mr. LEWIS. I think the number one is out-of-pocket economic, and then socioeconomic.

Senator RIBICOFF. In other words, they fear the cost of education will go up.

Mr. LEWIS. These are public, the out-of-pocket economic and then the social economic and then racial. If you remove one of the barriers, we might find the real reason might be racial.

Senator RIBICOFF. In other words, race is probably the barrier, although they don't say it.

Mr. LEWIS. It is not popular to be antianything today, you see, when it comes to race or ethnic background.

### CONDITIONS FOR ACCEPTANCE

Mr. BERTSCH. To cite the four major items we uncovered in the facilitator study we did, we attempted to find out from attitudinal monitoring under what conditions would people's opinions of whether they would accept low- and moderate-income housing change. Basically we found if you can provide money sufficient to guarantee property maintenance, that is number one. The second major concern was to make sure that they are not going to offset or become a tax burden. This is especially important in the public housing, where they pay 10 percent of the shelter rent in lieu of the local tax.

In the Dayton area that means you are actually paying 17 percent of what you normally would pay, or an 83-percent subsidy. The next thing is support the precluded drop in the quality of local schools. And the fourth item was if you could guarantee or provide that additional need for public services such as child day-care centers, youth programs, health, fire, police personnel, would accompany this type of housing.

Now the capability—you know, there is a whole range of programs I think we could probably guess on, all of the way from the much discussed voucher system to the question of moving away, like the recent court decision in California, where you get off the property tax, to consolidated school districts. But something needs to be done and we feel there needs to be some type of a bonus provided to those school districts which met their responsibility.

Maybe more important than that, we feel that—maybe this is where the question of does it constitute force or not—that those school districts that don't meet their responsibility or those governments that don't meet their responsibility be penalized in some manner through the loss of certain types of aid, or at least a lower ranking in terms of priorities.

In this regard, we have tended to use the A–95 review power in this manner, with varying degrees of success. It is our intention after the first of the year to get into an actual priority rating where an applicant is going to have to demonstrate that they have implemented or adopted and are addressing themselves to every categorical plan which the regional planning commission has adopted.

I think that that type of pressure, so to speak, is only going to be tolerated within our region if there is some consistency, philosophically speaking, in the use of these types of programs across the country.

There appears to be some changing attitudes and some interest in pushing ahead in this direction within the administration of HUD. And within some of the legislation that we have seen coming out, at least for discussion, in Congress.

Senator **Ribicoff**. I recently held 4 days of hearings on the establishment of the Department of Community Development. I asked Secretary Romney and every other witness what city is better today than it was 5 or 10 years ago. The only one that anybody could mention was Dayton. So when you talk about something happening, I would like to know what you could tell me.

Mr. **Bertsch**. There might be serious question as to whether or not Dayton is better off today than 10 years ago. I think with a plan like this, not so much the plan as the philosophy, I think that trends can reverse.

Senator **Ribicoff**. But you are chairman of the Dayton planning board. Do you think you are any better off today than 10 years ago?

Mr. **Lewis**. Senator, it is better off today.

Mr. **Bertsch**. Attitudinally?

Mr. **Lewis**. Right. For example, the Model Cities thing has turned an indifferent population into a group that is getting something done.

Senator **Ribicoff**. How many newspapers do you have in your town?

Mr. **Lewis**. Two major papers that are owned by the same corporation.

Senator **Ribicoff**. Have they been crusaders for you or indifferent?

Mr. **Lewis**. Generally crusaders for us.

Senator **Ribicoff**. How many television stations do you have?

Mr. **Lewis**. Three.

Senator Ribicoff. Have you had good support from them?

Mr. Lewis. Generally good support from them also.

Senator Ribicoff. So in other words, the media and industry have given you good support. How about the religious community?

Mr. Lewis. They are out front sometimes.

Senator Ribicoff. Labor unions.

Mr. Bertsch. They are on our side. It kind of depends. They were from the standpoint when the economy was low, and it looked like this meant more jobs, and also we point out that the majority of the labor union people fall today within at least the moderate-income bracket. If they had to go out and buy a house today, they couldn't do it without Federal support. In fact 54 percent of our population falls within the category of what we call low or moderate. But when you begin to talk to the labor unions about the inclusion of 10- to 15-percent blacks within their membership, or they don't get contracts, then it gets to be a little touchier. But, yes, there have been agreements reached in what is being called now the Dayton Home Town plan, where agreements have been worked out to obtain percentages of black work force and the unions have endorsed these.

### Response to "Legitimate Concerns"

Senator Mondale. Now you list the elements of a strategy which would offer to a suburban community certain protections which I gather you regard to be responses to the community's "legitimate concerns."

First of all, you offer a quota, so that they won't be inundated with the very poor.

Mr. Bertsch. Be exploited would be a better term.

Senator Mondale. Yes.

The second thing you said was it would be helpful if public housing could pay its way in terms of local taxes, if we could have a program to prevent property value losses and moneys to pay the cost of additional law enforcement, hospital, day care, youth programs, that sort of thing. And if we had a consistent national policy encouraging what you are up to. . . . I can't help but observe that none of those things are true nor likely to become true if something doesn't happen different from what we see. Indeed from what I can tell, all of the trends are in the other direction.

Now in light of that, do you think your plan will succeed?

Mr. Bertsch. We hope that trend will change.

Senator Mondale. But I didn't ask you that.

Mr. Lewis. I think for the sake of the study, Senator, with these given, if you ask a suburbanite would you take this, if these are given, or if we subtract these out, will you accept it.

Senator Mondale. Yes, in other words, you are trying to do it now, in an environment in which none of the things you would like to have, except the quota which apparently you can manage——

Mr. Lewis. We have the quota.

Senator Mondale. Yes you have the quota. But you have none of the other tools to deal with persons who have a legitimate concern except the quota.

Now is this going to succeed without these other tools? And could you answer your best estimate as to that?

Mr. Bertsch. I have to believe that it will succeed, because, very honestly, I don't see too many options available.

Senator Mondale. We could pursue the option that every other city has pursued, and that is it just gets worse and worse.

Mr. Bertsch. That is what I mean.

Senator Mondale. That seems to be the only viable strategy today and it is working very well. The central cities are deteriorating at a rapid rate.

Mr. Bertsch. We are making use of some of the existing Federal programs in terms of, for example, we do have the 236 project, which is anticipating to have one of its units picked up by the local school board to be used as an early start program. The OEO programs through cooperation with us are funneling extra effort into those communities which are meeting their responsibility. But it takes a massive amount of work and a great deal of sidestepping. At the present time our program, the success that it is having, is more because it is being tolerated, less than that it has been accepted and is being pushed.

### Status of Plan

Senator Mondale. How many communities do you have in your plan to which you have allocated housing units? Approximately how many?

Mr. Bertsch. We have 53 planning units. But they differ in makeup. In other words, the city of Dayton, for example, was comprised within the plan of 21 planning units. Some others consist of four, five or six townships and a couple of municipalities.

Senator Mondale. How many municipalities and townships are involved in your total five-county area?

Mr. Bertsch. Roughly, counting members and nonmembers, 96.

Senator Mondale. How many of those are you sure of in terms of accepting your allocation of housing? How many could you say with certainly will follow through on the plan?

Mr. Bertsch. Well, all of them have committed to it on paper; and, all but two of those, that we have had the capability to confront with a project, have accepted the project.

Senator Mondale. How many have accepted it?

Mr. Bertsch. Ninety-four.

Senator Ribicoff. How many housing units have actually been completed outside of the central city?

Mr. Bertsch. Public housing, 100, FHA—this is as of June—FHA-assisted, 804, public housing under construction another 50, 1,000 waiting for funding.

Senator Ribicoff. In other words, there are 904 units complete. What has been the experience with the overall community and their attitude toward the people in the 904 units? How are they getting along?

Mr. Bertsch. They are getting along fine, once they get through the public hearings. They are accepted.

I think it will take a greater amount of time and more monitoring——

Senator Ribicoff. In the 904 units that are completed, how many blacks live there and how many whites?

Mr. Bertsch. It will vary depending on the actual location but we are finding the fewest number is running between 2 and 4 percent.

Senator Ribicoff. And the highest number?

Mr. **Bertsch**. The highest number would be within the central city and that would be 80 percent.

Senator **Ribicoff**. I am talking about in the suburban locations.

Mr. **Bertsch**. There are 80 percent in Madison Township in one location.

Senator **Ribicoff**. Eighty-percent black.

Mr. **Bertsch**. Right.

Senator **Ribicoff**. How did it become 80-percent black? Because the whites wouldn't move into that one?

Mr. **Lewis**. It was adjacent to a black area of the city.

### LACK OF FUNDS DETERS BUILDING

Mr. **Bertsch**. I think it also needs to be understood we have 3,870 units that have been agreed to to be accepted by the communities, but the funds aren't there to build them.

Senator **Ribicoff**. The funds aren't there from the Federal Government?

Senator **Mondale**. That is 235 and 236?

Mr. **Bertsch**. And public.

Mr. **Lewis**. Not so much 235 as 236 and public.

Senator **Ribicoff**. Do you think if you had a community willing to do what is happening in Dayton that the Federal Government ought to give priority to such communities?

Mr. **Lewis**. Yes.

Mr. **Bertsch**. Yes; we do very strongly. I might state further for the record that we feel that we are getting priority.

In terms of the type of control that we have been given, with the A-95 process, for example, we are reviewing every unit, not just the 50 and the hundred. In addition to that we are being dealt with direct by representation both from Washington and Chicago. There are representatives or key people right here within HUD who we can call in order to get specific answers quickly. From the standpoint of the breakthrough projects, we are being considered. We just had a meeting last week, after 8 months, to get the city of Dayton allocated as a rehab city, in order to emphasize that type of program. We do feel that plan variations within the Model Cities Program has been designated to the city of Dayton. So I do think there is priority. I feel the priorities have evolved through a commitment to the plan and not so much a commitment to the philosophy at this point, because it is easy to provide special emphasis to one situation but there is no overriding policy which to my knowledge, other than right out of Romney's office, for example, that indicates this meets their intention.

Senator **Ribicoff**. If the Chairman will pardon me, I had a 12 o'clock appointment, but became so intrigued that everybody from my secretary on down has been wondering what happened to me. So if you will excuse me, I want to thank Senator Mondale for letting me come here and share these few minutes with you. You have my deep appreciation. I have one last question. Do you think you have gone far enough or deep enough yet for general conclusions to be drawn upon the success or failure of your undertaking?

Mr. **Lewis**. No, sir, but it has to succeed and it has to succeed because it is right. So far everything looks good.

Senator RIBICOFF. Thank you very much, Senator Mondale, I do appreciate your letting me come. I apologize for taking so much of your time.

Senator MONDALE. We are glad you stopped by. I think your questions have strengthened the record.

How much resistance was there from the suburban communities? Did some suburban governments object to this proposal more than others? Was there some characteristic of objecting suburbs that is revealing?

Mr. BERTSCH. I would say, yes; there has been differing patterns of objections. The northern and western tier of counties, the nonadjacent suburbs, in other words, the small towns in the northern counties seem to be committed to accepting their quota.

Senator MONDALE. It is not geography, is it?

### SCHOOL SUPERINTENDENTS OFFER OPPOSITION

Mr. BERTSCH. No; it is a relationship between the leadership of the elected officials, personal commitments, a good deal depends on, very honestly, on whether they were running this past November. More than that, I think it depends to a great degree on the amount of activity within the school board itself or the school superintendents.

We find the only organized opposition was from the school superintendents.

Senator MONDALE. You mean the school superintendents were the ones that seemed to be——

Mr. BERTSCH. They were the only organized opposition against the plan.

Senator MONDALE. They were worried about the financial support. If you had some kind of aid program, impact aid, that might help there, right?

Mr. BERTSCH. I would hope that it would. Wayne Carle was considerably helpful there in putting them kind of down. It may be more than that, too. A good deal of it depends on whether there is a pending draft of Federal aid coming through the regional planning commission at this particular point in time.

Senator MONDALE. In other words, there is a quid pro quo, so if they are getting something they really want and coupled with that, accept a modest amount of moderate-income housing, that sometimes can be helpful?

Mr. BERTSCH. Very definitely.

Senator MONDALE. This, of course, requires HUD cooperation, does it not?

Mr. BERTSCH. Not only HUD cooperation, but as you know, in the A–95 review process, there are numerous other sources of funds that are reviewed from a great many departments.

Senator MONDALE. Community facilities and so on?

Mr. BERTSCH. Right.

Senator MONDALE. Are you getting cooperation from the others?

Mr. BERTSCH. It depends on the specific department, but generally speaking, yes.

Senator MONDALE. Are there some departments that are not cooperating at all?

Mr. BERTSCH. I would have to say—I would have to answer that this way: I don't know whether it would be the specific department—we have had success in every case we have tried to hold it up. But normally, what we do is, in addition to notifying the specific department, we notify EO and EO seems to be the key in holding or dropping the priority of the required funds.

Senator MONDALE. EEOC?

Mr. BERTSCH. Equal Opportunity Section of HUD. And they work as a liaison with the other departments.

### HOUSING REGIONAL ISSUE

Senator MONDALE. Can this type of plan, in your opinion, be implemented on a purely voluntary basis, or does it require some kind of regional body with some type of preemptive power?

Mr. BERTSCH. Well, in my opinion, the housing is a question of a regional issue; it has to be attacked on the regional and more specifically the national level. I don't think it can be done at the purely local level. That is leaving the municipalities to determine their own plight, so to speak. We do feel it can be done voluntarily, but with tongue in cheek, I have to say providing we have the capability of being able to manage priorities for the expected fund flow.

Senator MONDALE. In addition to some of the considerations you have set forth, many of which I gather you regard to be legitimate, some of the concerns of the surburban communities are legitimate?

Mr. BERTSCH. Not necessarily. Some of these have been verified to some degree as being legitimate concerns.

Senator MONDALE. A school superintendent who is worried about 20 children coming into the system with no tax base behind them, that is certainly a legitimate concern.

Mr. BERTSCH. Yes, sir.

Senator MONDALE. And a community that is worried about a large high-rise, low-income housing project, I think that is legitimate, isn't it?

Mr. BERTSCH. We feel there are a good many of them that have been legitimate. Even if they weren't legitimate, though, as long as they are prevailing attitudes, they need to be dealt with.

Senator MONDALE. But if we are going to slice through prevailing attitudes, one of the best ways to begin is to be able to answer legitimate concerns.

Mr. BERTSCH. That is right.

Senator MONDALE. One of the things that bothers me is—I think—the rhetoric has been very simplistic on all sides. What is unique about your plan is you have tried to deal with it in terms of legitimate problems and with plans, specific plans, numbers, designs.

Mr. BERTSCH. And management's system.

### DESIGN REQUIREMENTS

Senator MONDALE. Right. And that is what is different about your effort, it seems to me. In terms of the kinds of housing that you offer to these communities, how do you get over the arguments that this is going to be concentrated in one area, we will have all of the problems there. Can you allay their fears, not only in terms of the quota, but in terms of the kind of housing you are offering, scattered housing or individuals' residences?

Mr. LEWIS. Our committee that reviews housing from the standpoint of construction design also.

Senator MONDALE. Suburbs and communities will say, "Here we will have the ugly downtown public housing. We don't want it here." What do you tell them?

Mr. LEWIS. We tell them it has to blend in. That is a part of our policy, it has to blend in with the community.

Senator MONDALE. And this——

Mr. LEWIS. We have taken upon ourselves to see that it is done.

Senator MONDALE. Do you think the designs you have developed, that are being, have met that commitment?

Mr. LEWIS. Those that we have passed on have met it. We asked for a little more than what HUD requires, we ask for elevations and/or photographs of previous projects, so that we can take a look at the architecture.

Mr. BERTSCH. I might say we do have an example of 236 projects, which came in early within the planning stage, prior to the A-95 review, where we hung some additional requirements on it. And it is a sad example. The committee has crawled numerous times on FHA's back and management is now bringing it up to the standards the committee wants.

We feel it is important that the initial units that go into the suburbs be very good examples, so they will not be held against us. This is very, very difficult to do within the financial criteria that FHA uses.

And we also emphasize "scatteration" within planning units, in addition to the scatteration within the region. We had one planning unit to the north in the Vandalia-Butler Township area, for example, that attempted to get an approval of a project which would have placed their entire quota on one site, with the idea that, okay, there they are, we are clean; now we can get the sewer and water grant. And we sponsored a number of hearings in the community with the citizens and, in addition to that, the project was cut down and no more than a quarter of their goal can be put on that site now, and even that quarter of a goal is having to be phased out over a 4-year period.

So we do recognize that impact can occur if all you are worried about is numbers. And there needs to be a very sincere effort made to work with the communities and recognize that they have at least attitudinal concerns, if not actual management problems.

Senator MONDALE. You alluded to this briefly once, but what is the attitude of the black community, or what are the attitudes of the black community toward this disbursal plan.

## BLACK COMMUNITY ATTITUDES

Mr. BERTSCH. Early in the program NAACP and the Urban League worked very closely with us, as did model cities people and a great many other black groups, in the development of the plan, the philosophy. When it came right down to actually getting a vote on the plan, or an endorsement on the plan by especially the model cities planning council, there was a good deal of concern, not so much concern on the part of the plan, more concern on the part of what the New York Times termed "scatteration." They were concerned that it was an effort to actually disburse people rather than create opportunity. And once there was a clear understanding that the ultimate decision of move or no move was going to be theirs, they endorsed it wholeheartedly. They had the same fear, initially, that a great many of the white suburbs did, and that was we had, you know, the buses sitting off stage, getting ready to haul people to these predetermined sites some place in the suburbs, when really it is a case of opportunities.

Once they recognized that they could stay within the central city, but it would be a clear option of theirs when they stayed there, rather than a rejection on the part of the suburb, not to let them in, they endorsed it.

Mr. LEWIS. Speaking as a black person, I think I can back Dale up on that. It is the option that is important. If I, being black, said that there is an opportunity to move, I have the option of moving or not moving, maybe I would choose not to move. This is the attitude in the black community, that there is a togetherness today that didn't exist 10 or 15 or 20 years ago, and if everything were built that was on our paper, 14,000 units were built tomorrow, you would not see a mass movement of black people to those.

Senator MONDALE. Is it our impression that the black community in Dayton supports this program now as reported, but principally because they see it as opening up options and not forcing movements? Is that correct?

Mr. LEWIS. Right. We are not going to move black people out into the suburbs.

Senator MONDALE. Now, you have built housing in the suburbs already; you have advertised in the black newspapers; you have worked through the NAACP, the urban coalition, and in other ways made known to the black community that housing has been established there. What has been the response? Is there a desire for mass movement or what?

Mr. LEWIS. There has been no mass movement with the exception of those units built adjacent to the black community.

Senator MONDALE. Which is really part of the ghetto.

Mr. LEWIS. That is right, just an extension.

Senator MONDALE. You cross a city boundary line and it is still the ghetto. But beyond that, where they would be moving into a predominantly white community, what has been the reaction?

Mr. LEWIS. Fairborn, which has been traditionally an all-white suburb—we have had black movements there.

Senator MONDALE. How much?

Mr. LEWIS. About 3 percent.

Senator MONDALE. And there has been a lot of work that has gone into encouraging them to move?

Mr. LEWIS. Right.

Senator MONDALE. And even with that, there has been a modest movement?

Mr. LEWIS. Black people are just as reluctant to go into the suburbs as getting the suburbs to accept them.

Senator MONDALE. Are these primarily people who were moving close to plants where they worked?

Mr. **Lewis**. This Fairborn case was. You had Wright-Patterson Air Force Base there.

Senator **Mondale**. These were people who worked there, by and large?

Mr. **Lewis**. Right.

Senator **Mondale**. So the motivation to move out of the central city, then, was to be closer to work?

Mr. **Lewis**. Right.

Senator **Mondale**. What other arguments are there that might cause a black family to move from a black neighborhood into an all-white suburb?

Mr. **Lewis**. The school system, it might be a topnotch school system. We all want our children to go to the best schools.

Senator **Mondale**. Have some families moved into the suburbs for that reason?

Mr. **Lewis**. The suburbs with the best schools haven't gotten any 236 housing yet.

Senator **Mondale**. So you haven't been able to offer that yet?

Mr. **Lewis**. Right.

Senator **Mondale**. Are you close to the point where you might be able to offer some of that?

Mr. **Lewis**. We hope so.

Mr. **Bertsch**. I might point out many of the questions you raise about the attitudes of both the recipient community, as to why they don't want low- and moderate-income housing or blacks, along with the attitudes of both blacks and whites as to whether or not they would execute the option of moving to a suburban location, along with the attitudes of the local elected officials within our region as to what they think motivates their constituency, are pretty well documented within this report and we can show very clearly and distinctly that at most you are looking at a very small, well, 5 percent of the total households is represented by the 14,000 figure, and of those, only about 14 percent of the low- and moderate-income people indicate a desire to move basically far away from where they are presently.

### OPTION OF RESIDENCE NOT AVAILABLE

A good example would be there are 84 blacks, I believe, that are employed at Cox Municipal Airport, which is the Dayton metropolitan airport. Those people presently do not have an option to live within the community or even the township where the airport is located, even though it is a city of Dayton facility.

Senator **Mondale**. They don't want to live out there?

Mr. **Bertsch**. It is not a case of desire; it is a case they don't have the option. They need subsidy and there is no subsidy there. So they have to drive 14 miles to the airport, to and from work every day. We emphasized if housing opportunities were provided near their place of employment, this does not necessarily mean that all of those families will execute that option to live closer. They might still desire to ride the 14 miles and live within the central city. But at least the option is going to be theirs rather than something that has been forced upon them.

So it is not a question of forcing anything on the suburbs, it is a case of not forcing a limited number of options on people who need this opportunity.

### Busing

Senator **Mondale**. Now, you have dealt exclusively or primarily with the housing options, you have not dealt with the school integration problem, although they are related. In your opinion—this may be kind of out of your field now—do you believe that housing integration is less controversial than busing?

Mr. **Lewis**. Busing is a terrible word. I used to like it, but not any more. I have been conditioned that busing is terrible.

Senator **Mondale**. You are against busing?

Mr. **Lewis**. It depends on the situation. Now, I think——

Senator **Mondale**. Isn't that always the case?

Mr. **Lewis**. That is a good out. Who is busing who? Within the city of Dayton, we have roughly a 70–30 ratio, 70 white, 30 black, and certainly there is nothing to be gained from busing a child from, say, the Dunbar high school district to the Stivers high school district, Dunbar, black, and Stivers, white.

Senator **Mondale**. There is nothing to be gained?

Mr. **Lewis**. No; because they are both equally poor. Then we have the problem in our suburbs, we are pressured by HEW to integrate the schools in Dayton, but the same pressure is not put on some of the all-white surburban schools.

Like some Senator said some years ago, "If you have no Negroes, you have no Negro problem." So those schools in the suburbs are meeting the law; they are integrating everybody that lives there. So maybe there should be some sort of, if there were housing disbursal——

Senator **Mondale**. Do you live in the ghetto?

Mr. **Lewis**. I live in the ghetto.

Senator **Mondale**. Where do your children go to school?

Mr. **Lewis**. Depending on what you say is a ghetto.

Senator **Mondale**. Do they go to public school?

Mr. **Lewis**. My children went to Dunbar, the poor public school. About 60 percent of those children in that school are public-housing types.

Senator **Mondale**. Did the children get a good education there, do you think?

Mr. **Lewis**. No. Not as good as they could have gotten. They didn't get as good an education as I received in a racially integrated school many years ago.

Senator **Mondale**. In Dayton?

Mr. **Lewis**. In Dayton.

Senator **Mondale**. I must say I am most impressed by your efforts. It seems to me you are far ahead of most metropolitan areas of the country.

Mr. **Bertsch**. It is not going to work, though, unless we get more leadership and less toleration.

Senator **Mondale**. Why don't you give President Nixon a call while you are in town?

Mr. Bertsch. We don't want any further clarification. I think one of the keys, probably, is somehow making—you know, if busing supposedly is a solution, and the housing plan is a viable alternative to busing, then it only would become a viable alternative if somehow busing becomes a threat to the suburbs also.

Senator Mondale. Say it again.

Mr. Bertsch. At the present time, it doesn't do you any good to bus from an all-white school in the suburb to another all-white school in the suburb, and until they know that they either provide housing opportunities for blacks in the suburbs or they will be faced with having black students bused in from the central city, it is not really two alternatives to the same dilemma. At the present time, there is no emphasis to bus black students or poor students to affluent suburbs, because they know it is within school districts, and one of the things we have talked about and I have testified in Columbus for is the countywide school districts, for example, which then creates some potential threat to the sanctimoniousness of their school district, and then maybe under conditions like that, they would be willing to accept more readily the housing picture.

Senator Mondale. Thank you very much. We will stand in recess until tomorrow at 10 a.m.

(Whereupon, at 12:50 p.m., the Select Committee was recessed, to reconvene at 10 a.m. on November 23, 1971, in room 1318 of the New Senate Office Building.)

# METROPOLITAN ASPECTS OF EDUCATIONAL INEQUALITY

TUESDAY, NOVEMBER 23, 1971

U.S. Senate
Select Committee on
Equal Educational Opportunity
*Washington, D.C.*

The Select Committee met at 10:15 a.m., pursuant to call, in room 1318 of the New Senate Office Building, the Honorable Walter F. Mondale, chairman of the committee, presiding.

Present: Senator Mondale.

Staff members present: William C. Smith, staff director and general counsel; Bertram Carp, professional staff; and Leonard Strickman, minority counsel.

Senator MONDALE. The committee will come to order.

This morning we have Martin E. Sloane, Acting Deputy Staff Director, U.S. Commission on Civil Rights.

Mr. Sloane, you may proceed as you wish.

## STATEMENT OF MARTIN E. SLOANE, ACTING DEPUTY STAFF DIRECTOR, U.S. COMMISSION ON CIVIL RIGHTS; ACCOMPANIED BY CAROLINE DAVIS, CHIEF, EDUCATION DIVISION; AND KAREN KRUEGER, CHIEF, HOUSING DIVISION

Mr. SLOANE. Mr. Chairman, with me are Miss Caroline Davis, who is Chief of our Education Division; and Miss Karen Krueger, who is Chief of our Housing Division.

Senator MONDALE. Very well. We are pleased to have you with us.

Mr. SLOANE. I do have a statement which I can summarize to some extent. I hope you will feel completely free to interrupt at any time.

On behalf of Father Hesburgh and the other members of the Commission on Civil Rights, I wish to express the Commission's appreciation for the opportunity to present our views on metropolitan aspects of school desegregation. It is my understanding that you are particularly interested in a discussion of the relationship of housing to this pressing problem. I am completely in accord with your conviction that any reasonable solution to the problem of school segregation must involve vigorous action in the area of housing.

For too long, the fight for school integration has been fought as though schools exist in isolation from the larger society, with little recognition of the social, economic, and political developments that necessarily have an enormous impact on the success of desegregation efforts. These developments began well before the Supreme Court of the United States declared that "separate educational facilities are inherently unequal," and their pace has accelerated in the 17 years since that monumental judicial decision. Their effect has been to impede progress in school desegregation; in some cases, totally to nullify efforts at achieving this goal.

### INCREASING POLARIZATION

Thus, racial and economic residential patterns in metropolitan areas have been steadily polarizing over the last two decades, with those who are white increasingly leaving the central city while those who are black remain in it. Between 1960 and 1970, our 67 largest cities lost 2.5 million white people, while the black population increased by 3.4 million. Further, centers of employment also have been moving to suburban and outlying parts of metropolitan areas, leaving the cities with a disproportionately high share of the unemployed and with decreasing resources to provide needed services, particularly those related to education.

I am talking about various social and economic developments during the last few decades which have made efforts at resolving problems of school desegregation much more difficult. One is racial and economic polarization in metropolitan areas. In addition, in the last two decades, the process of political fragmentation of metropolitan areas has accelerated. Our metropolitan areas now are a series of artificially created political jurisdictions—hermetically sealed compartments that seek to defray reality through legal fictions. They are, as one commentator has characterized them, "tight little islands" which, through separate legal incorporation, try to shut themselves off from the problems of the rest of the metropolitan area of which they are, in fact, inherent parts.

### FEDERAL ROLE IN RESIDENTIAL POLARIZATION

None of these developments has been inevitable. They have not been the result of forces beyond our control. With respect to each, government—and particularly the Federal Government—has been a significant, if not a prime, mover. Thus, residential polarization has been made possible through the suburban housing boom largely underwritten by the Federal Government and through the miles of suburban highways and beltways constructed with the billions of dollars that have poured out of the Federal highway trust fund. The exodus of jobs from the central city has been a movement in which the Federal Government has played a key part. Hundreds of private manufacturers, many of whom could not even continue in business without benefit of giant Federal contracts, have led the way. As the Commission pointed out in its 1970 report on "Federal Installations and Equal Housing Opportunity," the Federal Government, itself, has been a part of this movement, locating and relocating many giant installations in outlying parts of metropolitan areas inaccessible to central city residents. And the political balkanization of metropolitan areas has been aided because the Federal Government, instead of recognizing metropolitan areas as the single social and economic units that they are, has dealt with each artificially created jurisdiction as a separate kingdom and made funds available to them on that basis. In short, the problems we face in metropolitan areas have not developed because we have been unable to govern events, but because, not having perceived the consequences of our acts, we have not really tried.

### ROLE OF TRANSPORTATION IN INTEGRATION

Each of these developments has had a serious, undermining effect on the school desegregation effort. One effect has been to increase the practical problems in bringing about school integration. This, however, is far from the most difficult part of the problem. In communities other than giant metropolitan areas, school desegregation can be, and often has been, accomplished easily and expeditiously. Simple techniques, such as redrawing school boundary lines, pairing of schools, and the establishment of central schools which all students attend for designated grades, have proven to be effective in a large number of communities. In many of these communities, transportation of students, if required at all, is minimal. Even in larger cities, where greater distances require substantial transportation for purposes of desegregation, the bus rides usually are short, rarely in excess of 20 minutes each way.

The specter of thousands of children confined to buses for hours on end, trapped in big-city traffic, simply does not conform to the facts.

Those who contend that school integration is impracticable usually point to the Nation's relatively few giant urban centers—New York, Chicago, above all, Washington, D.C.—to prove their point. Even in these areas, I question whether the practical problems are, in fact, insurmountable. In the Washington area, for example, it seems to me that metropolitanwide school desegregation could be accomplished, as a practical matter, without any real inconvenience. Transportation would indeed be necessary, but the distances need not be very great nor the bus rides very long.

Indeed, it is hard to credit the wringing of hands over busing. Busing has been an integral part of education for generations. In fact, in 1955, before the *Brown* decision had even gone into effect, more than 9 million children were being bused to and from school. In 1964, before any substantial school integration had taken place, that figure had increased to more than 15 million. Today, 18 million school children—40 percent of the Nation's public school children—are bused and the buses log in the aggregate more than 2 billion miles each year.

If the issues involved in school desegregation could be resolved solely by reference to the standards of practicality and educational soundness, we would be much further advanced than we are in fact. The true issues, however, have been clouded by other factors. Racial polarization in metropolitan areas has made the job of school integration more difficult, not only as a practical matter, but from the political standpoint as well. The boundary lines of suburbs insulate their residents and afford an effective block to metropolitanwide school desegregation. Although the courts, particularly in Detroit, Mich., and Richmond, Va., are showing signs of removing suburban barriers to school integration, I have some doubt whether recourse to litigation alone will be sufficient in the long run. So long as residential segregation and racial stratification are allowed to proceed, the forces against metropolitanwide school desegregation are likely to grow and present increasingly strong obstacles to effective solutions.

## SCHOOLS PART OF TOTAL ENVIRONMENT

Efforts to achieve school integration can no longer ignore developments in the society at large, for if they do, I have grave doubts whether these efforts can succeed. Beyond this, we must recognize that even if we succeed in physically desegregating the schools, the main purpose of our efforts will have been nullified if the larger society remains a segregated one. For our concern is not with the schools alone, but with their impact on the development of the children entrusted to their care. Our principal concern must be with the society these children will inherit and with whether the experiences they gain and the attitudes they develop as they grow into adulthood are such as to enable them to create a society which is open and in which all can fully participate.

Schools represent a key element bearing on the child's growth. They represent the most important public institution bearing on a child's development as an informed, educated person and as a human being. Thus the emphasis placed on achieving school desegregation is warranted. But schools are not the only factor. A child's family, his friends, his neighborhood—his total environment—bear on the growth of his attitudes and capacity for human relationships. If his hours in school are the only ones in which he has the opportunity to share experience with children of other races, their impact in relation to that of the rest of his environment will be limited. In short, metropolitan-wide housing desegregation is necessary if efforts at school integration are fully to succeed and if the larger society, of which schools are a part, is to be open.

## BARRIERS TO HOUSING DESEGREGATION

The barriers to metropolitan housing desegregation are readily apparent and they are formidable. Discrimination and economics represent the two principal factors that prevent mobility for minority families and continue to confine them to designated parts of core cities. How are we doing in removing these barriers? As you know, Mr. Chairman, the answer is, not very well, at least measured by results so far. Measured by the tools necessary to attack the two problems of discrimination and economics, however, the outlook is not as gloomy. Compared to the situation a decade ago, there is some reason for optimism.

For example, a decade ago there was not a single Federal law barring discrimination in housing. By contrast, now there is a full arsenal of Federal laws on this subject. In 1962, the Executive order on Equal Opportunity in Housing was issued, barring discrimination in federally-assisted housing. In 1964, Congress acted by prohibiting discrimination in programs and activities receiving Federal financial assistance, including housing. In 1968, Congress passed a comprehensive Federal Fair Housing Law, assuring equal housing opportunity in more than 80 percent of the Nation's housing. And later that year the Supreme Court, in *Jones* versus *Mayer & Company*, held that racial discrimination was prohibited with respect to all housing, private as well as public.

By the same token, in the last decade significant action has been taken to broaden housing opportunities and expand the range of housing choice for lower income families, a disproportionately large number of whom are minority group members. Ten years ago there was only one program—public housing—that was designed to serve the needs of lower income families. The program had produced comparatively few units and had apparently lost much of its energy and vitality.

### Public Housing Program

Senator Mondale. If you had the public housing fight to do all over again, what would you do differently? Is there not some reason to believe that, the way public housing was developed, it actually has contributed to racial and economic isolation?

Mr. Sloane. There is no question about that, Mr. Chairman. I think the public housing program is one of our most nobly and brilliantly conceived programs. It has a financing mechanism which financial experts tell me we have never matched in terms of its subtlety and effectiveness.

Unfortunately, the program has been operated on the basis of following the path of least resistance. As a result, the program has tended to channel lower income families and, increasingly, minority families into these institutional monstrosities. In recent years we have gotten away from that in terms of design of public housing. But the legacy of the past—say from a few years after World War II until some time around the mid-1960's—is some legacy, and we are going to have to do quite a bit to get rid of it.

Three additional lower income housing programs have been added in the past decade—rent supplements, Section 236—rental housing for lower income families—and Section 235—home ownership for lower income families. In addition, the public housing program, through a number of innovations, has regained its vitality and is operating much more effectively.

Senator Mondale. Is it your impression that public housing is gaining in terms of low-income family housing and on an integrated basis?

Mr. Sloane. I am not sure whether it has on an integrated basis. Perhaps Miss Krueger would have some specific information on that. I think it has picked up in at least two respects:

> 1. The number of units that it has produced. That has been a problem from the very beginning. Until about 5 years ago it was really lagging. It produced in more than 30 years a little more than 600,000 units, which is less than half of what the private housing industry produces in 1 year for the more affluent. In the last 5 or 6 years it has picked up in terms of the number of units.
>
> 2. There have been innovations such as Section 23 leasing program, the various turnkey programs by which private enterprise has been worked into the program, concentration on avoiding these institutional monstrosities such as Robert Taylor homes or Pruitt-Igoe homes, and building smaller numbers of units at scattered sites.

Miss Krueger, do you have any specific information on the extent to which there has been greater racial integration in the program?

Miss Krueger. No. It is my impression that there has not been increased integration or any significant increase. I could get the figures.

Mr. **Sloane**. The impression I have, on the basis of the statistical information we have on some other programs, such as the 236 program, is that the projects have been largely occupied on a racially exclusive basis, which would suggest that it is no different in public housing. But we will try to get some more information.

Senator **Mondale**. You mean 236 units are being occupied the same way? They tend to be developed and located in racially segregated environments; is that correct?

Mr. **Sloane**. Well, it is difficult to tell, Mr. Chairman. Secretary Romney testified at the Commission's hearing last June, and he told us that, in terms of sites, the 236 projects were being located throughout metropolitan areas. He had no figures, however, on the occupancy of these projects. Since that time, HUD has come up with preliminary data on occupancy, and the data show that they are being occupied on a racially exclusive basis.

In terms of site location, we would like to dig a little deeper into it. But on the basis of what Secretary Romney told us, the sites are being selected and are not confined—as public housing sites have been—to the central city, but are being scattered more or less throughout the metropolitan area.

Of course, the 236 program does not suffer from the basic statutory impediment that public housing carries. Public housing may not be built in any community unless there is specific approval by the local governing body, and suburban communities very rarely approve. The 236 program does not carry that impediment.

### INADEQUATE ENFORCEMENT

These laws and programs are by no means perfect. They do represent, however, basic tools by which an open housing market can be achieved. But they have not worked. Why not?

One major reason is that they have been timidly enforced—sometimes they have hardly been enforced at all. Thus Title VIII of the 1968 Civil Rights Act—the Federal fair housing law—has been reduced to little more than a complaint bureau, and not a very effective complaint bureau at that.

Senator **Mondale**. I was the chief sponsor of the fair housing law and that was supposed to be the answer. But it has not been; has it?

Mr. **Sloane**. No, it has not.

Senator **Mondale**. What has happened?

Mr. **Sloane**. Well, for one thing, HUD originally anticipated that it would be flooded with complaints about housing, and it geared up almost exclusively to handle the flood of complaints. I guess it based its protection on the experience of the Equal Employment Opportunity Commission. EEOC was, in fact, flooded with complaints during its first 2 years and has continued to be to the point where it is now 23,000 complaints behind. That did not happen in housing.

There are all sorts of conjectures one can make as to why. My own feeling is that housing is just different from jobs. When somebody is looking for a house, he does not want a protracted set of negotiations ending up in a lawsuit. They have had barely more than 2,000 complaints at HUD over the 3½ years since the fair housing law was passed, but that is what they have been exclusively devoting their attention to under Title VIII.

They have not done a very effective job with respect to the limited number of complaints they have received. Only 300 have been satisfactorily resolved, whatever that may mean. Some of the complaints may not have been valid and so forth, but 300 satisfactorily resolved complaints in 3 years is not a particularly admirable record.

Senator **Mondale.** Would we be just as well off had there been no fair housing law?

Mr. **Sloane.** I think not.

Senator **Mondale.** What good is it?

Mr. **Sloane.** I think there is a value in having the law itself. I think there are a lot of people in this country who are accustomed to obeying the law. I think there is enormous value in having the official policy of the United States, as enacted by Congress, fully behind fair housing. That, in itself, is of value.

Senator **Mondale.** It makes us feel better?

Mr. **Sloane.** No. I think that the fact that the law is on the books——

Senator **Mondale.** Has it made some difference?

Mr. **Sloane.** I think it has made some difference.

Senator **Mondale.** Where?

Mr. **Sloane.** Where specifically?

Senator **Mondale.** Yes.

Mr. **Sloane.** I think it would be hard to measure this objectively, but the experience we have had in the past with laws which have been even less effective than the fair housing law—some of the State and local laws—tell us that laws have had value in at least making housing discrimination go underground. It is no longer lawful. That has a value.

In terms of tangible results, we cannot point to any as measured by mobility and a greater amount of racial integration.

Also, the law carries provisions which we think are not being enforced terribly well, but can be enforced a lot better. The provisions are there. We also think the law could be strengthened in a number of respects, particularly with respect to enforcement.

## State Fair Housing Laws

Senator **Mondale** When Mr. Affeldt resigned in protest over a year ago as one of the key men in HUD enforcement section, he said, as I recall, that there is a provision in the Fair Housing Act where they can decline to enforce the Federal law in a State which has a comparable fair housing statute. The idea is where you have strong, effective State fair housing statutes that the Federal Government would decline jurisdiction there and, in effect, concentrate elsewhere where such a law did not exist. But that, in fact, they declined jurisdiction in every State where they could conceivably say there was a fair housing law—some of which are not fair housing laws in any sense at all except in the vaguest way—and they have declined jurisdiction, I think he said, in over 20 States. It has been a long time since I read his statement, but that was what he said, as I recall.

Mr. **Sloane.** When fair housing was first enacted, then-Secretary Weaver held a meeting in which a number of questions were asked about how he intended to administer this law. One question was on this provision concerning referrals of complaints to States which offer substantially equivalent remedies. The question was asked because a lot of people knew that a number of State and local laws existed on paper and did not amount to a hill of beans. Was the Secretary going to just refer complaints on the basis of examination of the statute, or would he look at performance? The Secretary said, "We are going to look at performance."

Well, the Commission has been asking HUD for several years, "Have you developed standards for performance, or are you still referring complaints on the basis of what their laws consist of." They kept saying, "Well, standards are in the process of development." But we understand that now, later this month, they are going to be issuing performance standards which govern the referring of complaints.

## BLACK ATTITUDES TOWARD HOUSING INTEGRATION

Senator MONDALE. What about the possibility that the black community increasingly does not want housing opportunities in integrated environments? Is that a possibility?

Mr. SLOANE. I think it is a possibility, but we are talking about a choice in housing so that choices can be freely made.

Senator MONDALE. I mean, one of the things that might mitigate against the so-called but poorly proved national statistics is that there may be more options but that the black community does not want them. Is that true?

Mr. SLOANE. I do not think it is true. It is, of course, a possibility, but we have never yet had conditions in which that possibility could be tested.

Senator MONDALE. Well, yesterday we had the Dayton metropolitan area planners in here. They have a plan for projecting the amount of low-income housing over the next 10 years or so, and then allocating a certain proportion of it on a quota basis on all the communities in a five-county area. My recollection of their testimony at this point was that there was a growing feeling that the black community did not want to move, there was not such a tremendous demand to move into these communities. It depended on circumstances.

In one area they had quite a bit of demand because there was an auto plant out there where the people were working, so they wanted to move out there to be closer to their work; and they thought if they could get some housing close to the airport where some of them worked; some of them wanted to move out there, but there did not seem to be much desire—I do not remember the exact words, but that was the implication—they did not see much desire on the part of the black community, in light of the growing movement for black separatism and black control of their own communities, to move into these suburban communities even though options may be made available.

Do you think that is a major new development in America?

Mr. SLOANE. I do not purport to be able to speak for the black community or, actually, for any community. I have some doubts whether anybody really can. But every time we have looked into situations where people have claimed, "Well, the reason black people are living there is that they do not want to live somewhere else; they want to live there," we find that the results have not been through the exercise of independent and free choice. There has been steering by brokers.

We took a look at the operation of the 235 program trying to figure out why new housing was going in the suburbs and was being occupied almost entirely by whites, and inner-city housing, which had a lot of problems, was being occupied almost entirely by blacks. It was not because of the exercise of free choice. Black people were being steered to the inner-city housing. They were told this was the only housing available to them. The white people were being steered out to the new housing in the suburbs.

Every time we have looked we have seen some forces at work which interfere rather substantially with anything resembling free choice. I could not say what the black community wants. I do not know whether you could summarize or characterize a whole group of people as the black community.

Senator **Mondale**. I am sure you cannot, but do you think there has been a trend recently, not an absolute change, but a trend by which black Americans are less anxious to live in an integrated environment than may have been true a few years ago?

Mr. **Sloane**. I do not know if there has been that much of a change. My own feeling is that probably black people are not jumping all over themselves for the opportunity of living among white people—just for the sake of living among white people.

Senator **Mondale**. Has that changed?

Mr. **Sloane**. It does not seem so to me. I do not think there ever was any special desire on the part of black people, to live among white people, just for the sake of living among white people.

### FAMILY NEEDS DOMINATE

Senator **Mondale**. You do not think this black power movement, the community control movement, the possibility now in the central cities of the black political apparatus, the continuing frustration of blacks in white integrated communities—these are examples of unhappy situations—has contributed to a tendency toward blacks—even middle and upper-middle income blacks that have the option possibly—not to want to exercise it?

Mr. **Sloane**. The political aspects of it are factors for those who are concerned with politics. I do not think that much affects the individual choices of individual families. I think families, whatever color or race, make their decisions on the basis of their individual needs, and desires, and not on the basis of theoretical politics. That is my own feeling.

Miss **Krueger**. I was just going to add to what Mr. Sloane said. When we were conducting the investigation of the 235 program, in every city we went to, we were told by real estate brokers and by builders and by people in the real estate industry that black families were not interested in living in integrated situations any more. We also were told this by certain community groups who were militant or outspoken. They did say the same thing that you said. So we expected really to find this, and when we interviewed the buyers—the actual buyers—whose names were just taken at random, who were not complainers or anything like that—we just could not find it. We just could not find that at all.

Instead, we found people who had looked for a year and could not find a real estate broker who would show them a house out of the inner city. We found people who did manage, with the help of civil rights groups, to get out to new housing, and all their friends wanted to come, too, you know—they were so proud of their house.

We just could not find what you are talking about. It was like talking to two different worlds, because talking to the actual buyers was so different from talking to people who told us what the buyers wanted. So it is very difficult for me to find any proof of the kind of thing that you are describing.

Senator MONDALE. Very good.

Mr. SLOANE. Title VIII has been reduced to a complaint bureau and not a very effective one at that. The Executive order on Equal Opportunity in Housing has been a dead letter for a number of years. And HUD has never, on its own, used the Title VI sanction of fund cut-off in cases of actual discrimination in the 7 years since that law has been on the books. In its recent report on "The Federal Civil Rights Enforcement Effort, One Year Later," the Commission found that HUD's civil rights performance had improved over the previous 6 months. Whereas in May 1971, we found HUD to be "poor," we now find the Department's performance to be "marginal," barely marginal.

### HUD PROGRAMS PERPETUATE RESIDENTIAL SEGREGATION

Another problem—perhaps of even greater importance—is that HUD's operation of substantive housing programs has been carried on in almost total isolation from its civil rights responsibilities, this, despite an express direction in Title VIII to HUD to carry on its programs, particularly those that serve lower-income families, is not action to further the purposes of the title.

In fact, these programs, until recently, were being operated largely as though considerations of race and discrimination did not exist. The effect has been that the great promise of Federal housing programs, particularly those that serve lower-income families, is not being achieved. Key questions such as where lower-income housing will be located in the metropolitan area and who will occupy the units have not been properly addressed and certainly have not been properly answered. These programs, instead of serving to reduce residential segregation, have served instead to perpetuate it.

Site selection long has been recognized as a key factor that can either facilitate desegregation or discourage it. Some of the housing programs HUD administers carry built-in legislative provisions that tend to confine the housing to central city parts of metropolitan areas. For example, the rent supplement program may not operate in any community which does not have a "workable program" unless the local government specifically approves it. By the same token, the public housing program may operate only if the local governing body approves. Few suburban communities have approved the operation of either program. But as you know, suburban communities need not rely on Federal legislation as the principal, let alone sole, means of keeping out lower-income families. Maintenance of large lot zoning, minimum house-size requirements, and other land-use controls, prove equally effective.

Exclusionary practices by suburban jurisdictions are not new, nor is recognition of the need to do something about them. Last year, HUD introduced legislation that would have provided for the overriding of such suburban zoning and other laws that prevented the provision of lower-income housing within their borders. While the coummission had some reservations over the potential effectiveness of the legislation as introduced, we fully supported the principles and objectives underlying it. That legislation has now been withdrawn and it is quite clear that there are no plans for reintroducing it.

Senator **Mondale.** Was there not a great big loophole in that provision?

Mr. **Sloane.** There were a number. We had some reservations about the legislation. It only applied with respect to federally-assisted housing and it only applied in undeveloped areas. Also, the mechanism for enforcement, we thought was somewhat clumsy and rather time-consuming. It provided for lawsuits by the Attorney General.

Senator **Mondale.** As I recall, our impression of that amendment was that it was designed to get the ball out of their court. There has been a study group that recommended that they enforce the Fair Housing Act that gave them all kinds of legal remedies. They took the position that there were no such legal remedies. The Fair Housing Act was a nullity in terms of this problem, and in order to get the ball out of their court they threw this deflated, scarred basketball to us and hoped that we would handle it in that way, knowing it would not pass. Then, no one was responsible, least of all, them. I think that was what that was all about.

Mr. **Sloane.** There was a lot of pressure at the time—there continues to be—to have HUD condition a number of program grants to suburban communities on the stipulation that they open up or eliminate those impediments in the provision of lower-income housing. The contention has been made by the Commission, as well as by others, that they have existing authority to do this and HUD has contended it does not.

Senator **Mondale.** It was a Presidential task forrce that recommended the use of the authorities under the Fair Housing Act to trv to encourage the placement of low-income housing in the suburbs. HUD disregarded that and said the task force was wrong about the law, so they sent that amendment down here, I think, just to try to get the heat off themselves. As I recall, there were so many loopholes in it that it was a joke.

## Executive Inaction

Mr. **Sloane.** Well, there were a number of loopholes. We favored, at least, the principles underlying the legislation. I think one of the problems we have had is that experience has shown there are limits to what you can expect any executive agency to do on its own unless Congress says, "We want you to do it"—unless Congress at least puts its support behind it.

Senator **Mondale.** We have done that many times. We did that in the Fair Housing Act and we did it in FHA. We said, "We are going to stop redlining now. You are going to go into marginal areas and start insuring homes. You are going to set up a special fund for credit risks. We are going to try to stop these marginal and deteriorating neighborhoods." We might as well have written to Shirley Temple, because they just decided that was not what the law said. They said, "You have got to stand behind us," so we stood behind them and they said that did not do it. I think it runs deeper than that.

Mr. **Sloane.** I think it does, too. What you suggested indicates the depth of the recalcitrance and inertia of agencies. I think you may not win even if Congress says, "We want you to do *x*." They may not do *x* anyway. But unless Congress says, "We want you to do *x*, there is not a prayer that they will do it. All the efforts that a lot of groups have made to stimulate executive action have, for the most part, come to no end unless Congress takes a firm stance.

Senator **Mondale.** But we have done that. The Fair Housing Act gives them a lot of tools so they say those are not tools, and we did the same thing in the 1968 act because FHA said, "We'll do it if you will just stand behind us." The problem is that in trying to save these central cities and prevent them from going down and redlining, and so on—the problem is that the Congress had not spoken. So we spoke very clearly about that whole thing and spelled it out in exquisite detail and they have just chosen not to be involved.

So what do we do?

Mr. **Sloane.** Well, you keep trying. One thing to be done——

Senator **Mondale.** Say we mean it this time?

Mr. **Sloane.** Is some provision for continuing oversight of what they are doing. We find out these things on a rather sporadic basis. Our investigation fully supports what you have been suggesting. Congress says one thing and very often the agency head says, "By gosh, we really mean to support what Congress has said." Then somehow, when it gets down to the field level, business continues as usual.

Senator **Mondale.** Yes.

Mr. **Sloane.** There is a failure of oversight, a failure of oversight on the part of the agency, and I think Congress has to undertake some rather strict oversight activities on its own.

Senator **Mondale.** You may proceed.

## PROBLEMS OF SITE LOCATION

Mr. **Sloane.** HUD recently has issued "project selection criteria" which seek to determine the location of lower-income housing on the basis of standards that will facilitate greater housing choice throughout metropolitan areas. These criteria are much improved over an earlier version that HUD proposed last summer. The Commission has commented extensively on both sets of criteria and, with your permission, I would like to submit the Commission's comments for the record.*

Senator **Mondale.** Yes, sir.

Mr. **Sloane.** One principal remaining problem with these criteria is that they consider the location of lower-income housing on a project-by-project basis, with little effort to determine the long-range needs of families in the metropolitan area in relation to such factors as job locations. Another problem is that they make no effort to open up exclusionary suburbs. The effect of site location on school integration, of course, is not mentioned at all.

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*See Appendix 2, p. 10699.

You will recall that earlier this year in the town of Beecher, Mich., a suburban area outside Flint, the construction of a substantial number of lower-income units under the Section 235 program served to change the school system from a racially integrated one into a nearly all-black system. HUD officials disclaimed any responsibility for that, although the housing would never have been built in Beecher without express HUD approval. As one local HUD official was reported to say: "The impact of housing—any housing—on a community's schools is not my business, nor is racial balance."

Another step recently taken in the area of site selection is the June 1971 agreement between HUD and the General Services Administration aimed at assuring that lower-income housing will be available on a nondiscriminatory basis in communities selected as sites for Federal installations. Although this agreement can represent a useful means of opening up new housing opportunities for lower-income families, there is some question of how energetically the agencies intend to implement it. Nearly 5 months passed before any regulations were issued and internal instructions still have not been developed. So far as the Commission can tell, Federal installations still are being located on a business-as-usual basis.

## LEGISLATION FOR LONG-RANGE PLANNING

The most important new development in the area of site selection is the attention now being paid to this issue by Congress. Legislation currently is pending in the House of Representatives which would assure that lower-income housing would be located throughout metropolitan areas upon the basis of a long-range plan established by a metropolitan housing agency which would take into account the social and economic needs of the entire area. This legislation would seek to bring order out of the chaos that now governs the location of lower-income housing. The Commission has commented in detail on this bill and, with your permission, I would like to submit the Commission's comments for the record.*

Senator **MONDALE**. Without objection.

Mr. **SLOANE**. Although site selection is an important factor in determining racial residential patterns, it is by no means the sole determinant. Even if lower-income housing is scattered strategically throughout the metropolitan area, the question remains who will occupy it. On the basis of the Commission's experience, scattered site selection is no guarantee of racial desegregation in housing.

Last June, the Commission published a report based upon an extensive study of the operation of the Section 235 program of home ownership for lower-income families.** This program is perhaps the most promising of the recent lower-income housing programs enacted by Congress. In fact, it has produced a sizable number of units, more than a quarter of a million, during the 3 years of its existence. Further, the Commission found that while exclusionary land-use requirements by some suburban communities caused problems for builders seeking

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*See Appendix 2, p. 10712.
**See Appendix 2, p. 10737.

to provide the housing outside central cities, in other areas, Section 235 operated freely. For example, in Little Rock, Ark., all but two of the 64 new 235 houses surveyed by Commission staff were located in the suburbs. In Denver, Colo., all 19 of the new 235 houses surveyed were located in the suburbs.

### SEGREGATION IN 235 PROGRAM

Occupancy of these new suburban houses, however, was almost entirely by white families. By contrast, existing 235 housing, located almost entirely in the inner city, was being occupied by minorities. In short, the Commission found that the traditional pattern of rigid racial residential segregation that governs the housing market generally was being precisely duplicated in the 235 program.

As the Commission pointed out, the usual economic explanation given for the separate housing markets for white and minority families simply will not hold up in the 235 program. All 235 program participants are in the same income range. All housing under the program, new and old, suburban and inner city, is within the same mortgage limits. Nonetheless, we found that the traditional segregated pattern was being repeated under the 235 program.

The reasons were not hard to identify. They amounted to a combination of the persistence of discriminatory practices by key members of the housing and home finance industry, the legacy of past discrimination, and the passive posture of HUD.

Similar findings have been made with respect to the operation of the 236 program of rental housing for lower-income families. Racial and ethnic data on participation in this program, which HUD has recently begun to collect, show that while minority families are participating extensively, occupancy of projects is largely on a racially exclusive basis.

HUD recently has taken some steps to meet the problem of discriminatory marketing practices which impede mobility for minority families. The Department has issued affirmative fair housing marketing regulations which go beyond the mere prohibition of discrimination to require builders and developers to carry out affirmative programs to attract buyers or tenants of all races. HUD also is in the process of developing tenant selection criteria to govern the operation of its subsidized rental housing program.

These recent actions by HUD and other agencies of the executive branch represent promising first steps. At the very least, they represent official recognition of the need to do something to reverse the pattern of racial and economic segregation. This, in itself, is no mean accomplishment, particularly when compared with the Government's past posture. But the steps taken are gingerly and tentative. They do not go to the heart of the problem; and unless these measure are enormously strengthened and more specifically focused, they can do little to reverse the now well-established patterns of residential segregation that exist.

Beyond this, however, we must begin looking at the problems of metropolitan areas in a new way. For too long, our thinking has been channeled into narrow and separate compartments. Thus, "housing" and "fair housing" have been thought of and treated separately, not only by HUD, but by Congress as well, with jurisdiction carefully divided between the Banking and Currency and Judiciary Committees. By the same token, "quality education" and "equal educational opportunity" are often though to bear little relationship to one another. Equally important, problems of housing, education, and jobs—what Father Hesburgh refers to as the great trilogy—usually are approached separately, as though human problems can be met on a piecemeal basis.

### INTERLOCKING PROBLEMS

The fact that our efforts have not succeeded should come as no surprise. In fact, in some cases, efforts in one area have unwittingly worked at cross-purposes with those in another. Thus, jobs go begging because qualified jobseekers cannot find adequate housing accessible to them. Masses of new low-income housing units are approved for construction in communities where density of neighborhood and school population is already high, while in adjoining communities land and schools are underutilized. Schools are permitted to deteriorate at the very time they are being integrated, undermining public confidence not only in the value of desegregation, but in the institution of public education.

In short, the problems of metropolitan areas—schools, housing, jobs, and the rest—can be resolved only if they are attacked on a comprehensive, coordinated basis. The basic legislative tools are at hand, but they are scattered among a large number of bureaus, agencies, and departments, each with its own narrow perspective and limited sense of purpose. Just as the housing legislation now pending in Congress is intended not so much to add new housing programs but to assure the rational and coordinated operation of the programs we already have, so a similar approach must be taken regarding the wide variety of civil rights and social and economic programs already on the books.

### NEED COMPREHENSIVE APPROACH

This will not be accomplished through minor tinkering on the administrative level. Rather, what is needed is a comprehensive new legislation in which the problems are identified squarely and the various programs are reshaped and refocused to meet them. In short, what we need is a Metropolitan Equal Opportunity Act that will structure a systematic and comprehensive attack on the problems of inequity and polarization in our metropolitan areas so that all of the existing laws and programs can be brought to bear effectively. One essential ingredient of such legislation would be the establishment of clearly defined goals to assure that various programs are working in harness, and of machinery by which progress in reaching these goals could be measured objectively. In this connection, a Council of Social Advisers similar to the one provided in your 1967 legislation, the Full Opportunity and Social Accounting Act, could be a key element.

As you can appreciate, Mr. Chairman, I have not come with a full legislative package ready for submission. I recognize that such legislation will be extraordinarily difficult to draft, let alone enact. I am convinced, however, that the effort must be made.

Mr. Chairman, the Nation, through a number of legislative enactments, court decisions, and Executive orders over the past several decades, has made many promises to minorities. That these promises were made is right and proper. That we have failed to deliver on many of them, however, is tragic. It is tragic because we have raised legitimate expectations and then frustrated them. It also is tragic because it has been within our power to deliver and we have not.

Unless the path we now are traveling is altered, we may well reach a dead end. Unless we are prepared to make the changes—even drastic changes—in the operation of key laws and programs, we may soon achieve a society divided beyond healing. This must and can be avoided.

I would be glad to answer any questions you may have, Mr. Chairman.

## DAYTON PLAN

Senator MONDALE. Thank you very much. Are you familiar with the Dayton, Ohio, metropolitan area?

Mr. SLOANE. I am generally familiar with it.

Senator MONDALE. What is your impression of that, and do you know of other metropolitan areas that are trying to do something along this line?

Mr. SLOANE. Well, my impression is that it is an extraordinary feat that Mr. Bertsch and his associates have pulled off. I know of no other example of a metropolitan area where this has been accomplished; that is, a plan which gives promise of distributing lower-income housing throughout the metropolitan area.

I think the main lesson to learn from what has happened there—and so far as I know, nothing yet has happened as measured by the construction of actual units; it is just a plan that has happened and that, in itself, is a significant feat. The lesson, I think, is what he has done there is probably not replicable in other areas. That is, he has done this through his council of governments and, I suppose, working with the A-95 process. It is a very—that whole process is a very slender reed upon which to build the metropolitan desegregation plan.

It has worked in Dayton, I think, because of the extraordinary energy and dedication of the people involved, but I know of no other situation resembling it, unless Miss Krueger does. The lesson to be learned is you cannot rely on this as a mechanism to accomplish metropolitan desegregation on a nationwide basis.

Miss KRUEGER. I would like to add something to that. I visited Dayton recently to talk about what they were doing. I was driven around the city and shown areas in which there was blockbusting going on and one area, which was a changing neighborhood, in which there was a neighborhood group that was trying to stabilize it, et cetera. All of these things are very familiar. You find them in every city.

I believe what housing has been constructed in suburban areas in Dayton—low- and moderate-income housing—has been Section 235 and 236 which is occupied, really, by white families. I think this is a possibility, even if the plan develops as they want it to develop and even if they do manage to distribute the low- and moderate-income housing—because I think the other side of this is that there are poor white families also, and there are white families that will qualify for this housing, that need this housing, want this housing, and want to build in suburban areas. Due to our marketing system and due to the still very prevalent discrimination, there is a possibility that the plan will develop along those lines. They do emphasize—I guess you said they were here yesterday—they do emphasize the economic integration and play down the racial integration aspect of it. So to look at that as a plan which will reverse the polarization process—the racial polarization process—I would say you would have to look at it much more carefully.

## METROPOLITAN LEGISLATION

Senator MONDALE. Has legislation been introduced along the lines of your metropolitan plan?

Mr. SLOANE. As I mentioned in my statement, Mr. Chairman, there is legislation pending in the House right now.

Senator MONDALE. Whose measure is that? Is that the Ashley bill?

Mr. SLOANE. That is right.

Senator MONDALE. Which would provide for a metropolitan housing agency to devise a 3-year, fairly long-range plan, designating the general locations in which subsidized housing should be placed in relation to, above all factors, jobs.

Mr. SLOANE. We have some problems with the legislation. We think it is necessary at least to make some rational sense out of the site selection process which is now done on a project-by-project and individual-builder-by-individual-builder basis, with no regard, really, to the social and economic growth of the metropolitan area.

The main problem we have is with the leverage that is made available in this legislation to persuade suburban communities to participate in the metropolitan housing plan. Our fear is that the leverage is not sufficient.

The key leverage would be the tie—they have another title that provides for community block grants for various urban development programs, such as sewers. Unless you tie participation in the metropolitan housing agency, and full cooperation with it, to provision of funds under the community block grant title, it probably will not work. But still, we think that the fact that Congress is now addressing itself to this problem, to which HUD has not addressed itself properly, is encouraging in itself.

Senator MONDALE. What about Senator Ribicoff's proposal?

Mr. SLOANE. Concerning the location of Government installations and Federal contract installations?

Senator MONDALE. Does he not have another bill that would require some kind of metropolitan approach to location of low-income people?

Mr. SLOANE. Yes; he ties that to the leverage afforded by the location of Federal installations and also Government contracts, and——

Senator MONDALE. Does he not have a 10-year-plan piece of legislation that requires integration of schools?

Mr. SLOANE. School desegregation, that is right. Yes, he does. We think that is a useful approach. Back in 1967, the Commission issued a report on racial isolation in public schools in which we called for the establishment by Congress of nationwide standards for desegregation, giving the States the responsibility of complying with it over the shortest period of time. Ten years seems like a long time, but it might actually be necessary. Perhaps Miss Davis wants to comment on that.

Miss Davis. I think the plan he suggests is excellent, except that it takes a very long time to achieve the desegregation process under his plan and, therefore, represents a limitation. But my impression is that the plan is very good as he develops it, although he does refer to the spread of minorities as opposed to the spread of the overall population in the school district, which is a limitation.

Senator Mondale. Do you know of another plan that is going to get it done sooner than 10 years?

Miss Davis. I wish I did.

Mr. Sloane. As a practical matter—only as a practical matter—I think it could be done in less than 10 years. If we were concerned only with how we are going to get the children from one place to another and how long it takes to build new school facilities, we do not need 10 years. But I think there are considerations other than the practical ones.

### Legitimate Concerns of Suburban Communities

Senator Mondale. In your opinion, what are the legitimate concerns of suburban dwellers in a stable neighborhood, about these plans? What kind of interests do they have which you consider to be legitimate? To begin with, say you have a stable white suburban neighborhood and they say, "We have got something for you. We have an 85-story public housing unit, and we are going to move the ghetto right out in the middle of your neighborhood, and if you oppose it you are a bigot."

Now, do you see that as a kind of concern that ought to be accepted as legitimate and acted upon in terms of policy in dealing with low-income housing in suburban communities?

Mr. Sloane. The example I gave earlier of Beecher, Mich.—I think the concerns there strike me as somewhat legitimate. Also, it is so unfortunate. Because of no planning and no concern as to what impact a housing program would have on schools, Beecher was considered an area where you could break it open. So they were flooded—literally flooded with 235 housing—and their schools, as I understand, maintained a stable racial composition for some time and suddenly flipped to almost entirely black.

It need not happen if you deal with the location of housing on a metropolitanwide basis and do it rationally and strategically. What happens all too often is that a suburban jurisdiction will open up to lower-income housing and the housing is attracted to it like a magnet, because why go through all the bother and trouble of trying to open up all the other suburban jurisdictions where lower-income housing is not available?

Senator Mondale. What you accomplish there is not integration, but a ghetto in the suburbs.

Mr. Sloane. That is right. We have seen this experience in various neighborhoods in the cities where you have neighborhood stabilization groups—where they have a racially integrated neighborhood and they want to keep it that way. They have problems when finally a black family comes in and they say, "I am sorry, you are one too many." I have some sympathy with their purpose, but they really represent an island of racial integration in a sea of racial segregation. The term used to characterize the area in Washington, the neighborhood incorporated area, it is nothing more than a holding action so long as the rest of the metropolitan area represents a closed housing market. Then we really have no hope ultimately of maintaining racial stability here. I think that has proven to be the case.

Senator Mondale. So one legitimate concern would be that the housing be located, structured, designed in a way that does not overwhelm a community.

### Taxes and Low-Income Housing

What about the tax consequences of low-income housing?

Mr. Sloane. This is often claimed as a reason why suburban communities do not want lower-income housing, that these families come in with a lot of children and there is a burden on municipal services and they do not pay their fair share of taxes. I am not willing to accept the legitimacy of that until it is demonstrated to me, and it has not been demonstrated to me.

Senator Mondale. In the Beecher case, they claim that each child costs the school district about $800 a head to educate, based upon national averages that would be about right. The housing was placed there in tremendous quantities, their apparently fairly healthy integrated school system was overcrowded and they did not have the tax base to pick up these costs elsewhere. The crush of children unaccompanied by taxes was one of the key reasons why a community that was willing to accept integration broke down and lost its integrated character.

So, would not revenue consequences be a legitimate consideration?

Mr. Sloane. It smacks of legitimacy. As you know, I am sure, in one of Senator Ribicoff's bills he does provide for reimbursement by the Federal Government to the local community for any revenue loss as a result of the movement of lower-income families into the community. So to the extent that this is a legitimate argument, then we would provide for it by reimbursing the community for any loss in revenues that results from the movement of lower-income families into them.

Senator Mondale. What do you think of that?

Mr. Sloane. I think that is a good idea. I am for it. But the local community would have to show and have to demonstrate that there is, in fact, a loss that they incur as a result of the provision of lower-income housing.

Senator Mondale. That should be pretty easy, because low-income housing does not pay its way.

Mr. Sloane. I am not sure. I am not sure that middle-income housing pays its way, either.

Senator Mondale. Do you think low-income housing pays as much taxes locally as middle-income housing?

Mr. Sloane. To the extent that people have lower incomes, I guess they would not. I am something less than an expert on tax matters, but I would say that to the extent that this is a legitimate problem, the approach similar to the one that Senator Ribicoff took in his bill of reimbursing the communities with Federal funds for——

Senator **Mondale**. What do you think of the Eagleton amendment approach?

Mr. **Sloane**. I am sorry. I am not familiar with that.

Senator **Mondale**. Well, thank you very much.

We stand recessed.

(Whereupon, at 11:15 p.m., the Select Committee was recessed, to reconvene at 10 a.m., on Nov. 30, 1971, in room 1318 of the New Senate Office Building.)

# METROPOLITAN ASPECTS OF EDUCATIONAL INEQUALITY

**TUESDAY, NOVEMBER 30, 1971**

U.S. Senate
Select Committee on
Equal Educational Opportunity
*Washington, D.C.*

The Select Committee met at 10 a.m., pursuant to call, in room 1318, of the New Senate Office Building, the Honorable Walter F. Mondale, chairman of the committee, presiding.

Present: Senator Mondale.

Staff members present: William C. Smith, staff director and general counsel; Leonard Strickman, minority counsel.

Senator **Mondale**. The committee will come to order.

We are very glad to have with us this morning Mr. William Taylor, an old hand and an expert in this field. We are pleased to have you with us. You may proceed as you wish.

## STATEMENT OF MR. WILLIAM L. TAYLOR, DIRECTOR, CENTER FOR NATIONAL POLICY REVIEW, CATHOLIC UNIVERSITY LAW SCHOOL

Mr. **Taylor**. Mr. Chairman, I am William Taylor, Director of the Center for National Policy Review at Catholic University Law School, and I very much appreciate your invitation to offer testimony here today.

This phase of your inquiry, focusing on racial segregation in the public schools of major metropolitan areas is, perhaps, as critical as any you have undertaken. Whatever may be done elsewhere, until we are able to confront the problems of segregation and educational disadvantage in large cities we will not have made much progress toward establishing equal educational opportunity in this Nation. The 1970 census confirms what we already knew, that the largest numbers of black citizens, other minorities and the poor now live in big cities. In fact, 37 percent of all Negro citizens now live in the 25 largest cities in the country. It is equally clear that educational disadvantage is as severe in the public schools of big cities as it is anywhere else in the Nation. So it is probably not too much to conclude that the struggle for equal educational opportunity will be won or lost in the cities.

### Urban Public School Enrollment Majority Black

Moreover, there are other hard demographic facts to confront. In most of the large cities of the Nation, the public school enrollment is either majority black or will become so within a few years. In Washington, D.C., the black student enrollment is 94 percent. In Newark, it is 73 percent. In Atlanta, Baltimore, Richmond, Va., and St. Louis, it is more than 60 percent. In Chicago, Cleveland, and Detroit it is more than 50 percent. In New York, the black and Puerto Rican student enrollment combined is more than 50 percent. In Los Angeles, the black and Mexican American enrollment combined is about 50 percent.

Senator MONDALE. Is that trend accelerating as it moves toward 50 percent?

Mr. TAYLOR. It appears to be accelerating and you see the gap between total population in the cities and the public school enrollment and when you get around 50 percent that gap seems to grow greater and accelerate.

If you believe as I do that racial and economic isolation in the public schools are key factors in producing educational disadvantage for minority students, these gloomy statistics mean one thing—that equal educational opportunity cannot, at present, be attained within the confines of the central city. This has raised a new issue of law and national policy—whether school district lines in metropolitan areas can and should be revised in a manner which will integrate the public schools. As difficult as this issue may be, there can be little question of its importance. How it is resolved may well determine whether the principles declared in *Brown* versus *Board of Education*—and all of the effort, blood, and sacrifice that both preceded and followed—will finally come to fruition or whether the case will be relegated to the status of a historical anachronism.

I recognize, of course, that any discussion of achieving school integration across district lines in metropolitan areas raises explosive political issues. Such an effort ordinarily entails some increase in the number of children who must be transported to school. And busing, whether or not it is a "code word" which disguises other concerns or prejudices, is a sure recipe for conflict and divisiveness. It is tempting, therefore, to say that all of our efforts should be bent toward assuring new housing opportunities for minorities and low-income people throughout metropolitan areas. When housing choice becomes a reality, there undoubtedly will be a sufficient degree of residential integration to permit schools to be integrated without a great deal of transportation.

### MINORITY MIGRATION INTO SUBURBS

But attempts to provide new housing opportunities in suburban areas often meet as much resistance as school desegregation plans, as witness what has been happening in New York City in recent weeks. And even without the obvious political obstacles, the goal of residential integration could not be accomplished within the foreseeable future. About 2 years ago, I calculated what would be required to reach a goal of keeping the minority population of central cities stable and having the anticipated increase in population take place in suburban areas rather than the innercity. Now, that goal is arbitrarily set but I think it is modest enough. It would be to assure that a significant number of Negroes have access to a share of the jobs and better services that are available in increasingly affluent suburban communities. Maintaining a stable minority population would also facilitate efforts to revitalize and integrate the city.

Yet, just to achieve this modest goal would require an average suburban migration of more than 350,000 black citizens each year between 1970 and 1985. This is about eight or nine times the rate of migration that occurred during the 1960's and the slightly expanded rate that is expected if no major policy changes take place during the 1970's.

Senator MONDALE. In fact, even the slight trickle into the suburbs now consists, in large part, of migration into suburban ghettos.

Mr. TAYLOR. That is right. The figures that we have that are coming out in the census disguise the fact that a good many of the people who have migrated plus existing populations particularly in the South, are in very isolated places.

Senator MONDALE. For example, there have been figures which have been greeted with some optimism about black migration in the suburbs based on the 1970 Census, but an analysis of those figures—although they are difficult to really analyze—shows that a good deal of this is simply black spillover across a municipal boundary line in a continuation of a spreading ghetto. Some are now going into the suburbs, but it is still a ghetto.

Mr. TAYLOR. In some cases, I think there may be some benefits if people get access to services, to schools, that they would not ordinarily get access to. I mean, I do not think we can expect an integrated residential pattern to develop right away in all places, but I think you are right, in many cases, it simply is an expansion of the ghetto and does not portend any improved opportunity for people simply by the fact that they are across the line.

To come anywhere near the goal, it would be necessary to have a technological revolution in the housing industry, full funding of Federal subsidy programs and an end to the prevalent use of restrictive zoning practices to exclude low- and moderate-income housing.

In short, while I agree that much of our energies and resources should be devoted to the effort to achieve new and integrated housing opportunities, I do not believe that such a strategy can be a substitute for more direct efforts to deal with discrimination in the public schools. And we must also consider what the prospects for racial harmony will be if we consign another generation of black and white children to segregated public schools.

### METROPOLITAN LAW SUITS

In recognition of these facts of life, a number of law suits have recently been instituted in the Federal courts against State officials. The suits allege denial of equal opportunity to students attending segregated public schools in metropolitan areas. They seek as a remedy the reorganization of school districts and reassignment of students in a manner which will accomplish integration. In Detroit, on November 4, this month, a Federal district court, while requiring local school officials to take steps to desegregate schools within the city, also ordered State officials to submit a metropolitan plan of desegregation within 120 days.

In Richmond, Va., a conventional school desegregation case, *Bradley* v. *School Board*, became a metropolitan action when both the black plaintiffs and the defendant-city school board successfully moved to join as defendants State officials and the officials of Richmond's two surrounding suburban counties—Henrico and Chesterfield. A full trial, in which I participated as cocounsel in the case, was held this past August during which the Richmond School Board submitted a plan for metropolitan integration and a decision is expected in the near future. In Indianapolis, a Federal district court in August upheld the contention of the Department of Justice that city officials were maintaining a de jure segregated system. In doing so, however, the court noted that the State legislature had explicitly left school districts out of its plan for the consolidation of governments in the Indianapolis-Marion County metropolitan areas. Expressing doubts that stable integration could be accomplished within the confines of Indianapolis, the judge ordered the parties to address themselves to the legal issues involved in a metropolitan approach. Since then black parents and children have intervened in the case to seek a metropolitan integration plan.

Other metropolitan cases are pending:

> Wilmington, Del.—where one of the original cases involved in *Brown* has been reopened by the black plaintiffs to seek metropolitan relief;
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> Hartford, Conn.—where a three-judge court has denied a motion to dismiss the complaint;
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> New Jersey—where the complaint has been dismissed and is on appeal; and,
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> Grand Rapids, Mich.

I think it is likely that there will be cases in other areas developing soon.

### LEGAL BASIS FOR SUITS

The departure points for most of these cases are that public education everywhere is a State responsibility and the legal principle declared in *Brown* that the opportunity for public education "where the State has undertaken to provide it, is a right which must be made available to all on equal terms." 347 U.S. 483, 493. Further, it is noted that school districts are political creatures of the State and that the reapportionment and other Supreme Court decisions established that district boundaries will be altered when necessary to meet the overriding demands of the Constitution.

Given this background, the cases proceed on two alternative and complementary legal theories.

The first is the well established equal protection test. That is, whether governmental action which impinges upon the fundamental interests of citizens is discriminatory, not in intent but in its operative effect. It is alleged that governmental arrangements that result in racially segregated schools within a metropolitan area are discriminatory in effect, and that the State cannot meet the burden of demonstrating a "compelling governmental interest" in the continuation of existing districting arrangements at the cost of maintaining racial segregation.

The second theory is that segregated schools in metropolitan areas are intentionally maintained in violation of the de jure test that has been employed in school desegregation cases. It is predicated upon a showing that segregation has not occurred by accident or as a result of exclusively private discrimination, but has been fostered by discriminatory actions of governmental officials in housing as well as in education. That is what the district court found in Detroit and that is what has been shown I believe in Richmond, and I am convinced that the same showing can be made in every metropolitan area, North or South.

While the metropolitan cases are quite different in their origins and particular fact situations, there are several common threads:

### WHITE SUPPORT FOR METROPOLITAN SOLUTIONS

First, the suits often are instituted or supported not simply by black parents and children but by city school boards or white intervenors who live in the city. In Richmond, the city school board was a principal moving party in the law suit. In Detroit, a group of white city residents first raised the metropolitan issue. Whether these parties are truly convinced of the need for school integration may vary from situation to situation. But they do assert that whatever social burdens are entailed in integrating the schools should be borne not only by the white- and black-working people who live in the cities but by the generally more affluent citizens of suburbia as well. I believe there is merit to their feelings. I believe, also, that the participation of these people in these cases means that there is potential political support for metropolitan solutions that is not limited to black people. And it also demonstrates to me the fact that metropolitan solutions have the potential of defusing the conflict situation that presently exists between black and white working people in the inner city.

### LOGISTICAL FEASIBILITY

Second, in logistical terms, proposed metropolitan plans often may not be more difficult to implement than desegregation plans for a single district. In Richmond, for example, the city school board submitted at trial a plan which would accomplish desegregation by dividing the metropolitan area into six subdistricts. The plan would involve transportation of 78,000 of the 104,000 students in the new unitary system, 10,000 more than are presently being bused in the three school districts. The maximum time for any trip would be 45 minutes in five of the six subdistricts and 1 hour in the sixth subdistrict—which contains a rural part of Chesterfield County—and I should emphasize that only for a small number of students would you approach that maximum time. These travel times are well within the limits set by the Virginia State Education Department as far back as 1947.

In Hartford, all of the 90 to 100 percent minority group schools are located in the city's North End where none of the predominantly white schools are situated. Integrating the minority school population in the North End with the white population in the city's South End would entail busing students through the large commercial and industrial center of Hartford. The logistics of integrating the North End student population with students in adjacent suburban towns would be simpler. Many North End students live within walking distance of suburban schools that are now almost exclusively white. Thus, in Hartford, the pairing of nearby schools would be available as a technique for metropolitan desegregation, while only busing would be available for intratown desegregation. This situation—central city black schools located near suburban white schools—also obtains in Richmond, Detroit, and many other areas.

Moreover, as metropolitan areas become more integrated residentially, it can be expected that existing busing requirements will decrease.

### STABLE DESEGREGATION

Third, metropolitan plans offer the prospect of stable desegregation. While the minority school populations of central cities are typically very high, this is not true for metropolitan areas as a whole.

In the Richmond metropolitan area which has a minority population proportionately as large as any area in the Nation, a consolidated school system would be 66-percent white and 34-percent black, and it is interesting that that has not changed over the past 10 years. It has varied less than 1 percent. Under the Richmond school board's plan, all schools in the metropolitan area would have a range of 18- to 40-percent enrollment of black students. This arrangement, according to the testimony, would eliminate the racial stigma that now attaches to most predominantly black schools, a stigma which adversely affects the achievement and aspirations of black students.

Such an arrangement would also maximize the prospects for stability. Since all public schools within the metropolitan area would have roughly the same racial balance, there would be an incentive for white families to remain where they are in an effort to make integration work instead of moving away to more distant areas. That may apply particularly in Richmond, since the Richmond metropolitan area is ringed by a set of predominantly black rural counties, but I think it is true in other areas as well.

### EDUCATIONAL ADVANTAGES

Fourth, metropolitan plans offer educational advantages beyond those of integration. In many places, a metropolitan approach would provide economies of scale, making possible the introduction of new facilities and services that are now too costly for small districts. These include the opportunity to develop special schools and programs to serve the gifted and handicapped; to facilitate the use of television and computers as instructional tools; and the training of teachers. In some places such as New York, the State now provides special incentives to suburban districts, but not to cities, to cooperate among themselves in the provision of these kinds of services. To me, it seems morally reprehensible, as well as probably unconstitutional, for a State to hold out incentives for consolidation and cooperation only in a manner which would entrench racial segregation.

In addition, there is a great likelihood that metropolitan desegregation would increase, not decrease, community participation by minority and low-income parents in school affairs. That has been the general experience in operating city desegregation plans such as the one in Evanston, Ill., and in the city-suburban cooperative arrangements in places like Rochester and Boston.

This, in rough outline, is a picture of the metropolitan desegregation approach as it is evolving in the courts. The litigation has developed far more rapidly and in more places than anyone had anticipated. While it is far too early to say what the outcome will be, it does seem clear that the issue is here and must be faced.

Whatever happens in the Federal judiciary, however, solutions to the problems of school segregation in urban areas will not be found without the support and assistance of the other branches of Government.

## CONSTRUCTION OF NEW FACILITIES

A major aspect of the political resistance to desegregation is the fear that many white parents have of sending their children to schools in the ghetto. At the same time, many black parents now insist that integration should not be a one-way street. One approach to resolve this seeming impasse lies in the construction of new school facilities in new locations—facilities that can provide tangible evidence that desegregation is part of an overall effort to upgrade the quality of public education for all children. But it is generally beyond the jurisdiction of courts to mandate the expenditure of the large sums of money needed to build such facilities. And State and local education agencies, hard pressed for resources, are not likely to provide such funds on their own even when faced with desegregation decrees. Accordingly, a generous program of Federal assistance for the construction of education parks and other cooperative school facilities is an indispensable part of the total effort to remedy educational inequality in metropolitan areas.

What is equally as important, and something we should have learned by now, is that it does not make sense to place upon the courts the entire burden of dealing with social injustice in the Nation. Significant progress in school desegregation in the South came only after the passage of the 1964 Civil Rights Act and the implementation of its provisions for administrative action against noncomplying school districts. The same considerations apply in efforts to deal with school segregation as a national problem.

## NATIONAL LEGISLATION TO ACHIEVE INTEGRATION

What is needed is the enactment of national legislation commanding an end to racial isolation in the public schools and placing upon each State the responsibility for restructuring its educational system to bring about integration. Such legislation can and should permit wide scope for diversity in fashioning remedies which will meet local needs. For example, any one of several means of reorganization—the creation of a metropolitan school district, the alteration of the boundaries of school districts or the retention of existing district lines with provision for interdistrict student exchanges—may satisfy the requirement of integration. But there should be no doubt left that integration is required.

In focusing upon the elimination of racial and economic isolation in metropolitan schools, I do not mean to slight the need for other kinds of educational reform. But I do contend that other reform measures must be viewed as adjuncts to—not substitutes for—integration. Since urban education is in such a desperate condition, it is not particularly surprising that any new initiative comes to be regarded by some as a panacea. But such faddism is not helpful.

## LIMITATIONS OF FINANCIAL REFORM LITIGATION

A current illustration is the effort to remove inequities in the financing of public schools. Since the decision of the California Supreme Court in *Serrano* versus *Priest* that the financing of schools should not vary with the property wealth of local districts, there has been an upsurge of interest in litigation challenging fiscal inequity. While I agree that there is a real need for such reform, we must recognize the limitations on what it can accomplish.

In the first place, it is being discovered rather belatedly that in some areas there is no correlation between the property wealth of an area and the wealth of families who reside there. This means that in New York City which has a good tax base but many poor families, poor and minority children would be hurt—not helped—by an application of the *Serrano* principle redistributing property wealth for school financing purposes. Second, the *Serrano* decision points not toward a system of financing based on educational need—which is what poor children really require—or even to equal expenditures, but simply to equalizing the property tax base. Third, even in the best of circumstances, there is no persuasive evidence that differences in expenditures—unless they are massive—produce significant differences in educational outcome. It is highly problematical that increases in expenditure alone will produce for poor children the higher quality teaching they so desperately need.

While I do not agree with those who have suggested that fiscal reform is but a modern day version of the "separate but equal" theory of *Plessy* versus *Ferguson*, I think that its potential must be regarded as limited for the reasons I have advanced. In fact, the main value of the *Serrano* principle may be that, by removing the additional costs to a school district involved in educating new children, it will strip away one rationale that affluent suburban communities employ for refusing to provide shelter for poor and minority families from the central city.

Mr. Chairman, given the current political situation, I recognize that my advocacy here of metropolitan school integration will be regarded in some quarters as proof positive that my permanent residence is either an ivory tower or a padded cell. But I have been around the civil rights movement and government long enough to conclude that in the long run the *realpolitik* of Washington may prove to be more illusory than the dream of Martin Luther King.

## PROGRESS DESPITE RESISTANCE

After all, despite massive resistance and Federal vacillation, we have witnessed in the South a remarkable change in race relations. Certainly major problems remain. In many places, the struggle of black children to attain equal status in physically desegregated schools has just begun. But although it is painful, progress is occurring. Even during an administration that finds it expedient to persuade people that the school bus is an instrument of the devil rather than a common means of conveying children to a place of learning, the process of integration continues.

Recently, the Governor of Florida told the people of his State, forthrightly, that they must face up to the sacrifices required to establish equal justice after so many years of oppression. I have to believe that ultimately the American people will reject the politics of expedience and division and cast their lot with Governor Askew's brand of courage and leadership.

That is my statement.

### OBJECTIVES FOR PROVIDING EQUAL OPPORTUNITY

Senator MONDALE. Thank you very much, Mr. Taylor, for an excellent statement.

What do you think our objectives should be:

> To eliminate school discrimination in some negative formula and do away with the dual school system, however that be defined;
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> To achieve racial balance using some sort of rough mathematical formula by which the students in a school system or school systems attend schools in a ratio which they bear to the total population; or,
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> A quality integrated system based on the Coleman findings in which there is a majority population where poor and disadvantaged children attend school with a majority of advantaged students in an environment where, presumably, the peer group incentives are more helpful?

What are we after? How do we attain it?

Mr. TAYLOR. I think the third alternative as you have stated it really states my view of what the goal should be.

Senator MONDALE. Why do you say that? That apparently would comply with the law. It apparently would have as its basis educational legitimacy—at least based on the wholly unsatisfactory nature of research. So it seems to be the most hopeful thing to do for disadvantaged children, and it may create an environment which does not threaten any group to the point where it creates white flight.

Would you agree with those statements?

Mr. TAYLOR. I think all of those are very sound reasons in support of the goal. After all, educating poor children has really been the ultimate goal and task of the public education system and I agree it is much harder now than it may have been 50 or 60 years ago because our society has changed so much. It has become technological and we have had to rely on the school system a lot more, because you cannot make it these days as you could then without being exposed to the training that the public schools are supposed to provide.

### DISTRICT OF COLUMBIA AND RACIAL BALANCE

Senator MONDALE. Now, suppose somebody brings an action in the District of Columbia school system and says, "There is clearly a de jure system where most of the white schools are across Rock Creek

Park and this side is all black, therefore, there is discrimination," and I assume that you could prove that there is, and "I want racial balance."

Would you support that?

Mr. TAYLOR. Within the District of Columbia—limited to the District of Columbia?

Senator MONDALE. Yes.

Mr. TAYLOR. Well, we did have a decision in *Hobson* versus *Hanson*, and I think Judge Wright's decision was a correct one, but he was limited because of the peculiar nature of the area to mandating desegregation within the District of Columbia. I think he probably recognized, as we all do, that while that might be required by law, in a system which has so many disadvantaged children, which has so many minority children, that its potential benefits educationally would be somewhat limited.

Judge Wright had, years before, set out the basis for metropolitan integration and set out some of the major advantages to be achieved by metropolitan integration. Unfortunately, because of the situation with two States and a Federal district, he could not have ordered it.

Senator MONDALE. But, I limited my question to the boundaries of the District.

Mr. TAYLOR. Right.

Senator MONDALE. Would you argue that racial balance probably would not do much good?

Mr. TAYLOR. Within the boundaries, within a school system that is 95-percent black, having each school try to reflect a student population as approximately 95-percent black and 5-percent white?

Senator MONDALE. Yes.

Mr. TAYLOR. I think there are real limitations to what this can accomplish. I think in Coleman's terms it is the function of the fact that there just are so many children who are disadvantaged in terms of the——

Senator MONDALE. From almost every standpoint, except for a theoretical legal standard that we might establish, that would be unwise in my opinion. First of all, I think you would have massive white flight of the few whites remaining in the school system; and, second, every school in the District would be majority disadvantaged. Thus, from everything we have learned from Coleman and so on, it would not help anybody in terms of educational accomplishment. I think what you would have is an accelerated process of an all-black central city.

Would you agree that that is a possibility?

## ECONOMIC INTEGRATION

Mr. TAYLOR. I think you are absolutely right. I should say, there are some exceptions to that that focus in on what the Coleman report is really all about.

My own children have gone to a public elementary school in the city that is now 85-percent black, but it is a totally middle-class school and the children come to school with educational advantages.

Senator MONDALE. That is the point, of course. It is not color. It is social and economic status. If you have a school full of children of black doctors and teachers and businessmen, that is an advantaged school, just as much as one composed of children of white doctors and all the rest.

Mr. TAYLOR. Precisely.

Senator MONDALE. The tragedy is that there are not enough children of black doctors to go around. So, we have in the District—as well as some of the other places—just a great number of tragically disadvantaged children. I guess what you are saying is that there simply is not a satisfactory legal remedy to deal with this problem within the District of Columbia—if you are limited to the boundaries of the District.

Mr. TAYLOR. Exactly.

Senator MONDALE. Of course, I think the District is a classic case because you have 94-percent black. Also, you have the other situation of political boundaries not only at the local level, but you have State boundary lines and so on.

There was a story in the Sunday Washington Post about Norfolk. You may have read that.

Mr. TAYLOR. Yes; I did.

Senator MONDALE. There, they apparently ordered something like racial balance. I will have the staff submit that article for the record.*

But in any event, the way it worked out, there is about 10 percent of the white population left in the school systems of Norfolk.

Is there, in your opinion, some way to avoid that?

## METROPOLITAN APPROACH LIMITS FLIGHT

Mr. TAYLOR. Well, I think people have gone to two places; they have gone to suburban schools in Norfolk and they have gone to private schools. If you have a plan which encompasses the metropolitan areas and plans for roughly 20 to 40 percent of each school—having 20 to 40 percent black student enrollment, which is what you would get roughly in most places if it roughly reflected the balance of the metropolitan areas in the big cities anyway—then I think there is less likelihood, as there was in Charlotte, of people fleeing to suburbia.

There may still be a likelihood or a possibility that they will flee to the private school system, but, of course, I think that kind of exodus is a limited one depending on the affluence of a family. As long as the Federal Government does not support exclusionary private schools, I think only a few people will be able to avail themselves of the private school alternative. So I think there are some answers to this problem of white flight.

Senator MONDALE. Would you not agree with me, that the white middle class parents have a remedy if they do not like something: they can send their children to private schools; while the average American who lives with the worker's income has to take what is served up to him?

Mr. TAYLOR. I agree with you.

Senator MONDALE. And that we should have remedies which are sound, from an educational standpoint, which do not threaten his children. Also, while they are threatened, they should be able to get away from the system.

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*See Appendix 4, p. 10934.

Mr. **Taylor**. That is one of my principal arguments for metropolitan solutions. As a matter of fact, I look at the suburban school systems of many metropolitan areas as an essentially elitist private school system. That is what they are. They may be called public school systems, but they are financed by the local property wealth of the people in that district and by whatever industry happens to be there. I think that is what has happened to our public school system in this country. Essentially, we have divided into two kinds of systems.

Senator **Mondale**. Well, are you saying that if there is not a metropolitan remedy, then for many central school systems in this country a citywide system of desegregation may just accelerate the very process of central city deterioration which we see going on today?

Mr. **Taylor**. I think that is what is happening, and that is what will continue to happen. I think the unfortunate political ramification of that is that it opens the way for political leaders who do not have many scruples to set black against white, low-income, work-class people in the central city.

Somehow, we have got to break out of that mold or the country will just continue to grow further apart.

### Ribicoff Metropolitan Bill

Senator **Mondale**. Now, Senator Ribicoff has proposed a measure which would require every metropolitan area—over the next 10 years—to develop and implement a plan to make available to suburban communities housing on a nondiscriminatory basis in a defined racial ratio. I believe you may be more familiar with it than I am. The idea is to try to spread poverty in a way that does not threaten any community. Yet, to break up these massive ghettos and make opportunities available to the poor that are bused out of the ghetto; yet, still not threaten the stability and the educational system of the rest of the suburban communities.

How do you view that proposal?

Mr. **Taylor**. You are talking about the education bill?

Senator **Mondale**. Yes.

Mr. **Taylor**. I think the objectives of the legislation are commendable because it does go to looking at this as a metropolitan problem and a metropolitan issue. It does look toward building a quality integrated system.

At the same time, I do have some problems with the way it has been developed. I think the formula, as I recall it, is that every school in suburbia would be responsible for having half of the total proportion of minority students in the metropolitan areas, so if you have 25 percent in the total metropolitan area you would have 12½ percent in each school.

Senator **Mondale**. That is correct.

Mr. **Taylor**. This goes over a 10- or 11-year period. Now, the problem with that is that at the end of that period you would still have half—and actually more than half if you work out the mathematics—of the minority children in racially isolated schools in the central city.

In the meantime, you would have rewarded suburban school districts with the fiscal financial incentives that are provided in the bill for adding in what in some cases may be a rather token number of minority group students to the school.

### COMMUNITY CONTROL

Senator MONDALE. Now, there is another part to this, is there not? I may be wrong, but it is my impression that there is a significant number—I imagine it will change based on the community—of, for example, black people that would want to have black education and a black environment which they control. In Indian education, our committee found that for them the plea is not integration at all. The plea is control of their own schools.

Now, that may not be educationally sound. Nonetheless, I think there is a significant number that might not want to take up the option offered to them— to move into a minority position in some white suburb. They might prefer the other.

As a matter of fact, some black politicians say: "Yes, just as soon as we get ready to take control of these central cities, you want to spread us around so we do not have any political power."

Mr. TAYLOR. Well, it is difficult to assess——

Senator MONDALE. My point is, does that not give the Ribicoff proposal a little more realism?

### ONE-WAY BUSING

Mr. TAYLOR. Well, there is another aspect which I will touch on and then I will get to your question. That is, it essentially provides only for one-way busing, which I think is anathema to many people in the black community, and I think any solution should look toward a plan in which responsibility is shared. It does, of course, look to construction of new facilities but it really does focus on suburbia and is predicated only on black children moving to an affluent suburbia.

Now, as to the community control aspects of this, the first thing I should say is that, as I indicated in my statement, if the courts find a de jure segregated system in metropolitan areas, then I think the same legal considerations apply as in *Brown* and the decisions implementing *Brown*; and that is, that one must dismantle the system; since children are assigned to a school, that they will have to be assigned to a school in a nonracial manner.

Senator MONDALE. I am talking about what the public policy should be. We are not talking about what the system has to do to meet the requirements of the courts. I believe that is one of the key points in your paper here—that we have left the courts all alone here, and that it is time for Congress and other public bodies to deal with the social policy in a way that is hopeful. That is why I asked you about the Ribicoff proposal.

Mr. TAYLOR. Well, let me talk about community control for a minute. There has been a movement toward community control. I think in many cases it has been predicated upon frustration and despair about other solutions.

Take the history of PS–201 in Manhattan and look at how that whole situation evolved and that was the modern genesis of the community control movement. You see that other solutions had been held out as possibilities. Integration had been held out as a possibility and then there was a default and people did move to community control.

I think there are a rather vociferous group of people who are urging community control for political purposes and I would reject that because I think that the only basis for community control and community participation is educational improvement. People who say that we need to keep everybody together and have black control of our schools for political reasons, I think are doing children a disservice.

Now, the elements in community participation or community control that are worthwhile are those which make the schools more accountable to the parents and to the community and those which involve the parents in the education of their children and help them to reinforce what goes on in the public schools.

I think much of that can be attained in an integrated system and I think that black parents may have—and it is the experience so far that indicates that this is true—that they may have more influence in an integrated school system than they do in one which——

### BILINGUAL EDUCATION AND COMMUNITY CONTROL

Senator **MONDALE**. I am not too familiar with that. Let's take the Chinatown case in San Francisco. We had hearings in the Bay Area and it is my impression that most of the monolingual Asian students in the San Francisco school system were not being given bilingual education—which, in my opinion, is a disaster. But the little that was going on was in the schools which were majority Asian students. Thus, there was a reason to assemble the right kind of techniques and skills and so on to try to deal with that.

Then, along comes a busing order in San Francisco which says we must bus poor children out of town. The Chinese said, "Hey, wait a minute. We do not want to go. We do not think our children are going to get the right kind of education. We have items in our culture that we think are important—whether the Federal judge agrees with us or not—and we would like to educate our children here."

Now, how do you answer that?

Mr. **TAYLOR**. Well, I think there are ways. I think, first of all, bilingual education, which is a critical need especially with the population that has immigrated in recent years, can be accomplished in integrated schools.

Senator **MONDALE**. What happens is that you get a school system not with 70- or 80-percent Asian students, but, instead, a school with 3 percent. Are they likely to have a culturally sensitive bilingual education program for Chinese?

Mr. **TAYLOR**. Well, I would not be inflexible about that. I think you can deal with that.

Senator **MONDALE**. You have a few Filipinos, a few Japanese, a few Chinese, and you throw half a percent of each in a school system, and most of them cannot speak English. Do they not have a legitimate point when they say, "What about our problems as we see them?"

Mr. **TAYLOR**. Well, you can have a significant enough group of students who have special needs and keep them together without distributing them, as you suggest, so that you have a half a percent in each school to deal with them.

Senator MONDALE. Do you have any expectation that a school system will do that?

Mr. TAYLOR. Well, I think it is perfectly within the capability of a school system to do that.

Senator MONDALE. I think our school systems have shown a great insensitivity in that area.

Mr. TAYLOR. Well, there is a remarkable and interesting article by Tom Wolfe in the New York magazine* a couple of months ago about the Chinese population in San Francisco. In it he viewed it as just enormously ironic that the first time the Chinese community really banded together to assert itself was over this issue. Then he proceeded to go into the history in some detail to show how this was, in effect, an expression of fear and xenophobia on the part of the people, and that it is very difficult to confront to try to work it out.

I do not think it is ultimately going to be worked out within racially isolated communities. Of course, some Chinese citizens have done quite well and are part of the mainstream of American life and are distributed very well in the professions and have achieved very well in schools. Others, as you suggest, are significantly disadvantaged students.

Coming back to the thrust of your question, I think you could certainly allow some flexibility. The dilemma we have here is that in order to legislate nationwide you may, as you have had to do in the voting area, get into some kind of formula which you believe will apply on a nationwide basis. At the same time, you want to leave some flexibility for local situations.

So, as I see the problem, it is how do you get a formula that would be applicable and yet at the same time leave some flexibility?

## ALTERNATIVE SCHOOLS

Senator MONDALE. My impression, to be frank about it, is that up until this point the law has concentrated upon the classic dual school system itself and the elimination of the dual school system. For far too long we have failed to really focus on a remedy of the problems and the legitimate concerns which communities have—maintaining a stable community, maintaining schools in which you have a hopeful educational environment, responding sensitively to community differences. I can see why the Chippewas in central Minneapolis just are not too interested in being integrated. Maybe they are wrong, but I can see why they would not want to do that. Also, I can see why the Chinese in San Francisco's Chinatown may not want to be spread around. I do not believe that the court order faced up to the differences in a way which was sensitive to the needs of the Chinese. If we are going to say that the Indians and the Chinese and the Japanese have sensitivities, what about the black community? You know, some of they may have a reason for wanting to have an all-black education. Should that not be permitted?

Mr. TAYLOR. Well, I think when you come right down to it, and you set up a system which is basically integrated, you are going to find that there are very few people who would opt for a segregated system. There may be some. I would not contest that fact, but you really cannot gauge it until you offer alternative possibilities.

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*See Appendix 3, p. 10885.

Now, one possibility—and I cannot say that I have really thought this out—would be to permit the continuation of racially homogeneous schools for people who want them in very limited circumstances if it can be demonstrated over a period of time that these schools are succeeding educationally.

Senator MONDALE. All right. So then along comes the Italian American community and says, "You have a good school here. It is succeeding educationally. We would like to have our own educational system, and we do not want our children bused somewhere else." What do we say to them?

Mr. TAYLOR. No.

Senator MONDALE. You can deliver that news, because it will never sell politically. I do not think you can say to one minority, "You can have freedom of choice," then to white people, "You cannot." I do not know the answer, but I do believe that we have to focus on remedies far more than we have in the past. That is why I believe your work in the metropolitan approach is very creative. We are talking about the freedom of choice for 10 million Americans.

Mr. TAYLOR. That is right. I cannot avoid entirely both the legal situation and I think the practical situation, and that is that you have to differentiate between the situation of ethnic groups and immigrant groups who, while they have had a struggle, have not been subjected to slavery and imposed segregation, as those in the situation of blacks and Spanish-speaking Americans.

Now, politically, it may not be—what I am saying is that black people in metropolitan areas of the North as well as the South have been confined to schools because of their race. That has not, by and large, been true of Italian Americans. So if it is choice that we are getting at, you can well justify a situation where you differentiate between the situation of the Italian Americans and black Americans.

[Recess.]

## INTEGRATED HOUSING

Senator MONDALE. If we had a Ribicoff plan or something like they have developed in Dayton—are you familiar with that?

Mr. TAYLOR. The Miami Valley housing plan?

Senator MONDALE. Yes, which sounds something like the Ribicoff plan to me. We heard testimony on it last week. It worked so that, in fact, poor and minority families were permitted to find low-cost housing in scattered site arrangements, and in numbers which did not threaten the communities or cause white flight.

If that were to succeed according to its plan, would that not be a pretty good answer?

Mr. TAYLOR. Well, I think so. You are talking about both, a combination of a school plan and a housing plan?

Senator MONDALE. Of course, if the housing is integrated, the schools would be integrated.

Mr. TAYLOR. Right. Well, I think it would be a significant advance. I should say parenthetically that I do not think it is going to happen simply by the Secretary of Housing and Urban Development going around the country saying he thinks it is a good idea and encouraging local communities to take on—local officials to take on the whole burden of it. I think it will only happen if we get at zoning and restrictive land use practices with some effective means of enforcement.

But certainly, if you get a plan, through whatever means, which actually results in construction of a significant amount of housing for low- and moderate-income people in suburban communities, it will facilitate the school integration process to a very great degree.

### ONE-WAY BUSING

Senator MONDALE. Now, do you find some essential merit in the argument that you should not have busing unless it is two-way busing? Let's take the Project Concern in Hartford which, as you know has one-way busing, busing poor or black children out of the ghetto into affluent suburban schools. Do you think that that is wrong unless there is also busing of affluent children back into the ghetto?

Mr. TAYLOR. No, I do not think it is wrong. I think we need to look at these problems in short-range and long-range terms. I would never say that plans like Project Concern are to be opposed because they involve only one-way busing. I am the lawyer for schoolchildren in a case in the District of Columbia where there has been one tiny plan involving the transportation of children from the Meyer School out to Bannockburn, Md., and I recognize what the problems are.

Certainly it is somewhat paternalistic to have a one-way situation. Certainly it is a token situation. But the fact is that the children have benefited from that program.

Senator MONDALE. Have you seen data that indicates that they have benefited?

Mr. TAYLOR. Well, I do not think in this particular case there is conclusive achievement data, but the indications are all to the good and there is achievement data in other places and the children themselves and their parents have felt they benefited from the program.

I also think that by promoting these programs, by encouraging them, you do set up a situation where greater progress is possible.

So, in the short run, I think there is a great deal of merit in the program, and in the longer run I do think that we should do everything we can to see that integration occurs on equal terms and that the burdens, such as they are, should not be placed on just one group.

Senator MONDALE. Would you say that the burden should be one which is—other than the constitutional requirements—consistent with the concepts of quality integration that we talk about?

Mr. TAYLOR. Yes.

Senator MONDALE. Thus, when you talk about the burden of busing you mean that the schools should have this process as a requirement.

What about the argument that one-way voluntary busing often deprives the inner city of its most motivated children?

Mr. TAYLOR. Well, I am more in favor of a program such as the Hartford program that does operate on the basis of selecting an area and making sure that you have a mix of the lowest income as well as the higher income, that you do not just skim off people as you do through open enrollment.

Having said that, I think that given the current situation that you are facing in a local community, to the extent that you can provide the advantages of such a plan, you do it. You do everything you can to help the children who are in these schools.

### Possible Court-Ordered Metropolitan Remedies

Senator Mondale. Now, you have cited two or three courts which have—or you think, might—order metropolitan remedies. Those are at the district court level.

Do you think it likely that the Supreme Court will find those orders constitutionally required and proper, where there are old traditional school district lines that have not been drawn, obviously, for the purpose of separating children?

Mr. Taylor. Well, I am always reluctant to engage in predictions about the court and you can read the *Swann* decision in various ways. *Swann* did leave open the question about whether housing discrimination imposed by Government officials in the housing area would lead to a finding of de jure that would impose requirements for school desegregation.

I think that we can amply demonstrate in metropolitan areas that the way the patterns have come about has been through the complicity of Government and I think following the development of the cases would indicate that the Supreme Court should uphold the metropolitan decision.

Further, I think the courts are getting to a very difficult public policy dilemma and that is that *Swann* indicates that the courts must go quite far to undo the vestiges of the dual school system in the South, even doing what they did in Charlotte, setting up a racially balanced system, 71 to 29, which essentially was a suburban/urban school system.

If that is the case, then how can you say that this obligation extends so far and yet in the North, where it really is an urban metropolitan problem, that we are not going to place any similar obligation on them?

Senator Mondale. In the Charlotte case, that was a single school district.

Mr. Taylor. Right, because it had merged some time ago.

Senator Mondale. Right, but that was a single school district. They might not have done it if they could have seen where it would take them—but they did have a single school system.

Mr. Taylor. Yes.

Senator Mondale. So, logically, they can say at this point, "We have never ordered a multidistrict remedy ever," except where they could show that the district lines were deliberately drawn at some point for the purpose of discriminating.

Mr. Taylor. That is right. But nonetheless, although there is a factual distinction between these two situations, I think it would be anomalous to say that in the Charlotte urban area you must have extensive desegregation, but in an urban area which did not see fit to consolidate or merge some way that district line is an insuperable barrier. I think we come back to the ordinary test which has been applied in many, many cases, and that is, it is not the intention that should count in setting up the lines originally, but it is whether the lines serve any overriding State interest. In this case, does it serve any compelling interest educationally?

I think if you begin to look at the way school districts are set up around the country you find that it is really quite irrational. You cannot justify this in terms of size because in many communities you have tiny little districts and very large districts, and how do you then say that we need to keep these lines because they serve an educational purpose? You cannot, in many cases, like Detroit, justify them on the grounds that there is really a community of interest because they overlap other political boundaries.

So if you begin to examine these districts in the light of what current purposes they serve, I think you will find that they are not justifiable, and if you apply the constitutional test that has been applied, then there is no reason to keep them when they result in racial segregation in the schools.

Senator **Mondale**. It is my impression that the time has come to settle in on these issues of remedies and how they actually work; that the old southern dual school system has been largely eliminated. There are still problems, I do not mean to say there are not. There are plenty of problems that need to be dealt with. But in many ways, the southern city and northern city are in the same spot and in the same kind of situation. The suburbs of Atlanta and Detroit are in about the same situation.

Mr. **Taylor**. Right.

### LEGITIMATE CONCERNS OF BOTH COMMUNITIES

Senator **Mondale**. Also, it is my impression that the civil rights leadership has tended to be insensitive to some of the educational and community stability problems; the white community as well, had been very insensitive to the problem of trying to bus out of the ghetto to get a decent education. The rhetoric has been all one way—depending on which side you are on. The dialogue now should change to a different one: Namely, how can we serve both interests sensitively, legitimately, to alleviate the threats that, I believe, are on their way to creating a very reactionary and very racist America.

Would you agree with that?

Mr. **Taylor**. Yes, I do. I think we must treat seriously the fears and the concerns that white people have; even if we do not agree with them, we must understand that they are held. I do not think it serves a purpose, ordinarily, to call somebody else a racist. It does not advance the cause. I think when you are in the midst of a battle that has gone on for the last 17 years and lo, these many more, it is very hard not to react very strenuously to hypocrisy, and we have seen a heck of a lot of hypocrisy as you well know. But I do think that if we could ever get to the situation where we could view the problems calmly I think we can win, because I am convinced that you can establish a system that advances education for everybody concerned.

The political dilemma is how do you get to that kind of situation? I do think it has to be within the context of Federal policy and law.

Senator MONDALE. I think one of the things the liberal communities fail to do is to address themselves to the real fears. For example, a suburban community might say, "Well, here you have all this public housing—or this 235 and 236 housing—you want us to take. Where do we get the tax money to educate the children that you are bringing out here?" Also, I am afraid, too many times, civil rightists answer, "Well, you must be a bigot." He might be, but nonetheless he may wonder how on earth the school system is going to generate the revenues it needs. He might just be stating an honest concern. It is an honest concern, and we should be trying to deal with it, should we not?

Mr. TAYLOR. Well, I think that we are—I will put it this way. Wherever concerns appear to be legitimate, we ought to meet them and we may find that what we have done is strip away the rationale and we are confronted with the racism.

Senator MONDALE. But, in fact, there have been a lot of examples of majority advantaged, integrated schools—many of which are right here in the District—that have worked very well with surprisingly little community resentment. The Project Concern is an example. There have been some problems, but it has worked quite well. So I am inclined to believe that the integration movement has tended to underemphasize some legitimate concerns just as some of the white leadership has tended to underemphasize the thoroughly legitimate desire of the black parent to get out of the ghetto and have a decent education for his children. Somehow we must put this dialogue onto the plane of how we can rationalize and adjust the conflicting interests of these people.

### REMEDIES

Would you agree with that?

Mr. TAYLOR. Absolutely. Well, there are mechanisms. For example, on the cost question, I think *Serrano* would take away the extra cost of educating individual new children in a district, and I think that is a perfectly——

Senator MONDALE. This may very well help some. One other thing, we adopted the Eagleton amendment, here, which would make the school districts educating children of public housing tenants eligible for impact aid. That would help.

Mr. TAYLOR. I think that has helped.

Senator MONDALE. The other thing that would help, it seems to me, is to describe the nature and the amount of low-cost housing which a community is expected to accept in terms that they can see what the exposure is and not have all these vague fears. There have been some very unfortunate situations in the country, like Beecher, Mich., which has been mentioned, where an integrated community, in order to make way for low-income housing, ran into the revenue problem because the FHA office was totally insensitive to maintaining a stable integrated community. The white people see that.

Mr. TAYLOR. Most civil rights advocates would agree with you that the Beecher situation was anything but——

Senator MONDALE. Well, it is an outrage, and yet I would like to see us get the dialogues in ways in which there are real answers to the real concerns.

### REAL ALTERNATIVES TO INTEGRATION

Mr. TAYLOR. I think that is right. I do think that there is another aspect of it, and I do not know how you get to that; and that is, getting people to see what the real choices are. I do not think you can pretend to people that it is going to be easy, the way that I am advocating is going to be easy; that it is not going to disturb their comfortable life. But what people just will not face up to is that the alternative is the growing garrison kind of State where you cannot contain social problems in the way we have been trying to contain social problems, and that the alternatives to the hard struggle to integrate and make this one society are really much more frightful.

I do not know how you begin to persuade people of that fact, but I think that has to get through much more than it is right now. That requires the kind of candor and political leadership that, as you know, we do not see around, not in the highest places. So I guess that is the situation that you really have to fight.

Senator MONDALE. There is a vote and I don't think I will be able to return. Thank you very, very much for your contribution. I hope you will work with the staff as we get ready to prepare our report.

Mr. TAYLOR. I would like very much to do that.

Senator MONDALE. The committee is in recess, subject to the call of the Chair.

(Whereupon, at 12:15 p.m., the Select Committee was recessed, to reconvene at the call of the Chair.)

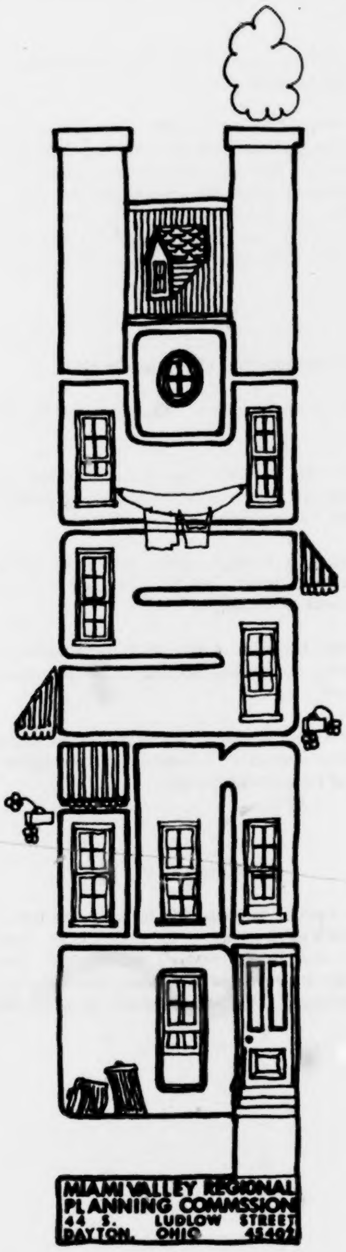
# APPENDIXES

## Appendix 1

## ITEMS PERTINENT TO THE HEARING OF NOVEMBER 22, 1971

### Material Submitted by the Witnesses

FROM DALE F. BERTSCH


MIAMI VALLEY REGIONAL
PLANNING COMMISSION
44 S. LUDLOW STREET
DAYTON, OHIO 45402

# A HOUSING PLAN FOR THE MIAMI VALLEY REGION

## A SUMMARY

# A

# HOUSING PLAN

# FOR THE MIAMI VALLEY REGION

# JULY 1970

## I

## INTRODUCTION

Since the early months of 1969, the staff of the Miami Valley Regional Planning Commission has been engaged in carrying out a Housing Program. In addition to fulfilling a very obvious lack in this area locally, the program also responds to the Federal Government's requirement that local planning agencies address themselves to the critical problem of housing an expanding population.

The extent of the Nation's housing crisis has been widely reported. This country will require an additional 26 million housing units[1] in the next ten years, or 2.6 million each year. Estimates of immediate production are running at about 1.3 million units per year, or one half the number needed. A major purpose of the M.V.R.P.C. work in housing has been to determine how our local area stands in relationship to this National Housing deficit. What share belongs to us in Dayton and the Miami Valley Region? To what extent are our families ill-housed? How far have we come toward fulfilling the oft-repeated "promise" of a decent home for every family?

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1. A Decent Home. The Report of the President's Committee on Urban Housing; December, 1968.

## II

## GOALS of the HOUSING PROGRAM

The Housing Program of M.V.R.P.C. exists because of the circumstances presently surrounding that element of our environment. The reservoir of decent, safe and sanitary dwelling units in this five county Region is not sufficient to house its population. Although the responsibility for this has traditionally been left to the private sectors of the housing market, it is clear that they alone can no longer do the job. Alleviating the shortages and shortcomings that we are presently experiencing requires the combined effort of builders, developers, financiers, volunteer organizations, local government officials, private citizens, architects, planners, packagers, the federal government, realtors, lawyers, nonprofit, limited dividend and profit motivated sponsors. All of these have a role to play in the housing process.

To understand this report and the activities of the continuing Housing Program of which it is a part, it is necessary to identify two overriding goals toward which our efforts are directed. These are:

- To adequately house all of the Region's people.
- To create and/or maintain sound, viable neighborhoods in the process of housing those people.

Analysis of the local housing situation during the past year indicates that to accomplish these, we must bend our efforts toward achieving two further goals:

- To increase the supply of housing units numerically, especially for low and moderate income families and individuals.
- To expand the range of housing opportunity for everyone geographically.

Virtually all of the Housing Program efforts are directed in one way or another toward achieving these goals. Certainly there is a full range of objectives within these that must necessarily be achieved to move us closer to the larger goals. This report it self is such an objective. For the goals of quantitative increase and geographic expansion imply two other more specific questions: How many?, and where?

## III

## PURPOSES of the HOUSING PLAN

The purposes of this document, The Housing Plan, are four-fold.

1. To provide a public report summarizing the estimated extent and character of housing needs in the Miami Valley Region on a county basis.
2. To outline the ways in which these needs can be translated into reasonable and achievable goals for the sub-areas of the Region.
3. To provide numerical guidelines for geographically distributing the needed housing units throughout the Region.
4. To provide policies and recommendations for taking the actions necessary to implement the suggested pattern of housing distribution.

## IV

## RATIONALE

If planning as a public responsibility is to be effective, it must address itself to all aspects of the environment. None of these is simple in today's world, and their interrelationships are even more complex. And if, for the sake of examination, the environmental elements are identified separately, perhaps none is more difficult to understand, or more far-reaching in its implications, than housing. It is as minute as a tiny room in a boarding house, and it is as vast as the entire stock of housing units that a given geographic area possesses.

The essence of the housing situation is not really difficult to identify or even to document. Good housing is scarce; there is not enough of it, at appropriate prices, to allow everyone to have his share. The result is that certain groups of people are left no other choice but to live in housing which has filtered down to them as the rest of the population moved up the housing ladder. While new housing is being produced for the majority of households, very little is being produced, either new or rehabilitated, for those whose circumstances result in a limited income.

The solution is apparently simple: build more housing of the kinds needed. But this is easier said than done. For one thing, there are economic restraints that hinder it, although there are various solutions to this. The second restraint is the one that makes the problem a philosophical one. It is the intricate network of feelings and convictions which everyone has about the place and the way he lives.

To Americans, the concept of property-ownership and territorial rights are nearly universal and wholly sacred. The opportunity for these is one of the things that characterizes our way of life. Taking advantage of the opportunity implies hard work, however, and once the objective is achieved, a man understandably feels protective of what he has. If something threatens the way of life that he has made for himself and his family, he will instinctively seek to deter it.

The problem we face in our housing crisis is not just that everyone should have a chance at a good place to live; hardly anyone can disagree too strongly with that premise. It is the question of where, geographically, that chance should be that elicits gut-level debate. The idea that sound and stable neighborhoods should be made accessible to people whose life styles or income brackets are different becomes a frightening one because of the changes that are implied, be they real or imagined.

For this reason, the goal of maintaining viable neighborhoods intact becomes a primary one, one that must be emphasized and clearly stated.

To take any action that would tear down sound areas would be totally self-defeating. It would make the problem larger, not smaller.

At the same time, however, geographic containment of the less expensive housing stock continues to be a constraint upon complete housing opportunity. To broaden that opportunity, two concomitant approaches must be taken. First, deteriorating areas must be caught and restored, for they represent a part of the opportunity also; an important part, as many people who live in them have no desire to leave. Second, a number of reasonably priced housing units must be located in other areas so that families and individuals who wish to will have the chance to locate there.

Neither of these approaches alone can provide the solutions we seek. But together, in balance, they hold a promise of measured success.

## V

## BACKGROUND WORK and FINDINGS

From the outset of the M.V.R.P.C. Housing Program, two facts have been apparent: first, a part of the Region's people are ill-housed; and second, a housing shortage exists that precludes significant alteration in this condition.

Based upon the general knowledge at hand, the program developed two simultaneous thrusts: to acquire the information and understanding necessary to assess accurately the housing situation and to promote actively the production of obviously needed housing units. Although carrying out these things has involved a variety of activities and has had widespread implications, the work program has been directly or indirectly oriented toward achieving them. A third effort, without which the other two would have been meaningless, has been to create a level of public awareness that a housing crisis does indeed exist, and a level of public concern about that fact.

The important thing at this juncture is to recap the factors which delineate the scope of the "housing problem" to which this report addresses itself.

First is the factor of need for additional housing units. Need is a social concept and it is concerned with the people who must be housed. There are estimated to be nearly 123,000 households[2] within the five county Region presently whose incomes fall into the "low and moderate" category, and who therefore may have difficulty finding good housing at prices they can afford.

The second factor is the existing supply of housing units and the deficiencies in that supply. The housing inventory should respond to total housing need through its composition of sound, livable dwelling units of different types, styles, sizes, locations and price ranges. To the extent that the supply fails in any of these respects, it may be termed deficient. In every jurisdiction of the Region, it is safe to say that the housing stock does not measure up in at least one of these ways. The housing supply should provide the opportunity for Miami Valley households to select a place to live that satisfies their requirements, and that opportunity should exist regardless of financial limitations.

A third factor is housing production. Given that a need for certain kinds of dwelling units exists and that the present supply of units fails to meet that need, what prevents the housing industry from filling the gap? The private market has traditionally been left to produce the housing that this country needs; but it is an industry that is complex and fragmented and presently it is falling farther and farther behind in its production rate. This situation is not wholly the fault of the industry. Money is scarce, interest rates are exorbitant, labot and materials costs are high, land is expensive, governmental red tape is lengthy and costly. Taken together these things forced the average price of new homes in the Dayton area to more than $25,000 [3] in 1969. Not only is housing production in a slump, but that which is being produced is priced far beyond the reach of those who need it. The tightening of the market at the upper end causes a tightening throughout, and even those units that should filter down into the lower-priced brackets fail to do so. Thus, in the existing economic situation, there is virtually no prospect for the private market alone to alleviate the housing shortage we are presently experiencing. It should be carefully noted that the market segment for which the industry cannot economically produce housing is no longer just that usually referred to as"poor", but also includes moderate income households.

The fourth factor for consideration here is something that may be called public attitude. If the private housing market alone cannot provide for the housing needs of the population, then it must be infused with some form of public aid. There are a number of ways in which this may be done. Although, in fact, the federal government has for years been assisting American families in acquiring shelter through FHA and VA insured loans and through tax deductions of interest payments, there is a groundswell of opposition to the newly instituted programs oriented toward assisting financially limited families to obtain good housing. Proposals to use these programs to build housing in any but old and run-down areas are met with a multitude of objections. The depth of this problem is such that M.V.R.P.C. has recently received monies to conduct a study of the impact of placing low and moderate income housing units in suburban areas where there may be very little (or none) such housing now. It is believed that the study will shed light on the complexities of this problem and indicate directions for finding solutions. In the meantime, however, plans and work must proceed to get new housing built for the families who need it, and to broaden total housing opportunity for these same families.

## VI

## QUANTIFYING the NEED: the SUPPLY INCREASED

The need for sound housing, of various types and amounts in various locations, forms the basis for the Housing Plan. A quantitative assessment of the Region's housing needs is the subject of a report by M.V.R.P.C., which is summarized on pages 10 through 12 of this document.

Stated in a slightly different manner, the conclusions to be drawn from the report on housing need are (1) that a need for additional sound housing units exists to the extent shown by the figures in Table 7; (2) that this need is primarily among the low and moderate income households who can no longer participate in the private housing market; and (3) that the range of housing opportunity for these households is geographically limited.

Housing need is essentially the volume of sound dwelling units that would be required if the entire population were to be provided decent, safe and sanitary shelter. To the best of anyone's knowledge, this is a condition of things that has never been achieved heretofore, and there is no assurance that it will be achieved in the near future. In planning for a better environment, however, nothing short of this goal can be set forth.

## VII

## LOCATING NEEDED HOUSING UNITS: the OPPORTUNITY EXAPNDED

A. Why a Distribution Plan?

It has been pointed out that identifying the extent of need for housing units is only a part of the total problem. The other aspect of it is geographic. The following discussion will illustrate this.

Montgomery County has an estimated total of 193,673 households as of 1970. Of these, 85,753 or over 40% are estimated to have incomes of less than $10,000. Obviously, some jurisdictions or planning units in the County have a greater proportion of low and moderate income households than others. Dayton City is the most notable example. Obviously, too, a shift would have to take place if each jurisdiction were to have a number of low and moderate income households proportionate to its share of the County's population.

Recommending such a distribution of households would be saying in effect, that every jurisdiction should have the same economic mix of households. This is not necessarily the case, nor is it established here as an objective. However, the implication of the existing concentrations of low and moderate income households is that to a large extent there is no opportunity for those concentrations to dissipate.

The households are constrained within them and may continue to live there because there is no housing available in other areas within their income range. Certainly not all of them want to move. The majority live in housing that is either in good condition or that can be restored to good condition. Also, they are living in neighborhoods near people like themselves, they are

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2. M.V.R.P.C. estimate.
3. Home Builder's Association of Metropolitan Dayton.

close to commercial facilities and transportation, and may have a genuine preference for these things as they are.

On the other hand, the housing in which these households live is largely old housing that has come down to them through the filtering process. Very few new units are being provided in the proper income range anywhere – either in the older areas or in the new suburban areas. The inventory of dwelling units known to have been produced for this income bracket consists of those operated by the Dayton Metropolitan Housing Authority and those built under FHA-assisted programs.

These households then, are first of all given little opportunity to live in new, modern, dwelling units. Second, they are given practically no opportunity to live in areas other than those where they now find themselves.

A proposition basic to this report and to the overall Housing Program is that housing opportunity for all of the Region's households must be maximized. One way of doing this for the low and moderate income households whose opportunity is constrained in the ways described above is to provide for the construction of the needed dwelling units in areas other than the concentrations where they now live.

The distribution of units presented here is for the purpose of moving in that direction. No one area is expected to accept or absorb all of a County's or the Region's needed housing units. All of them have the capability for receiving a share of those units, and this report establishes guidelines as to how many, or of what number, that share should consist.

## B. The Distribution Method

Geographic distribution implies some kind of grid or areal matrix upon which the distribution is imposed. To provide this, the five-county Region was subdivided into 53 "planning units" or sub-areas to which the housing units could be assigned. These are illustrated in Figure 1. Their size is based, to a large extent, upon the intensity of the development within them. Thus, in the metropolitan area, planning units often consist of individual townships, whereas, in less densely populated areas, groups of townships have been put together to form large areas of counties. Dayton City actually consists of 21 planning units composed of groups of census tracts, but the distribution presented here allocates units only to Dayton as a whole.

With housing need figures having been established, a geographic matrix designed and pertinent data compiled, the next major task was to determine a mathematical way to distribute dwelling units. It is untenable to make arbitrary assignments, even with a vast amount of information at hand upon which to make them, and so a more scientific method was sought. Since a variety of factors influence an area's capability to absorb new units, the method had to be as sensitive to these as possible.

Also, the distributing had to be done on a county basis, since this is the geographic unit on which the need estimates were made. It should be noted again that the figures to be distributed in each county represent additional needed low and moderate income units only, and the minimum necessary to shelter the population adequately. In every case, the need figure is a relatively small proportion of the total county housing inventory and should not be regarded as representing a great overall impact. The only real threat of such an impact would come if the needed units were placed in one or two areas. It is this eventuality which this housing plan seeks to avoid.

There are a number of factors upon which a distribution can be based. For example, the simplest solution is to divide the needed housing units equally among the planning units. Or, each planning unit can be assigned a number of units equal to its proportionate share of the population, thus distributing units in the same ratio as the population is distributed. The greater the number of people, the more units assigned. Again, each planning unit can be assigned dwelling units according to the number of low and moderate income households it contains. The greater its population in this category, the more moderate and low income units assigned it. This method sounds quite logical on the surface, but in fact, it would simply be placing the new units in the same areas where lower cost housing now exists. Geographic opportunity would not be enhanced through this method at all. A variation of this method that would solve that problem, however, is to assign units inversely to the proportion of low and moderate income households, so that the greater the existing proportion, the fewer the dwelling unit share.

Two other methods involve the school system. Since this is one of the most sensitive points of controversy when the question of low and moderate income housing is raised, it was deemed necessary to consider ways of building it into the distribution process quantitatively. One way of doing this is by looking at school districts' assessed valuation per pupil, and distributing units according to the relative strength or weakness of this factor. The higher the assessed valuation per pupil, the greater the number of dwelling units assigned. It is recognized that assessed valuation alone does not determine the monies that a district actually receives for its schools. However, it does represent the potential for taxation for education, and that is considered to be the relevant point here.

The other school-related factor is "pupils in excess of normal capacity", which indicates overcrowding and need for more classrooms. Here an inverse rank can be used again, with the most severely overcrowded districts receiving the fewest dwelling units. In both this method and the preceding one compensation can be made for the disparities between school district boundaries and planning units boundaries by adjusting assignments to reflect the geographic differences.

The six described in the preceding paragraphs seem to hold the greatest promise of yielding reasonable results, yet each one alone has its shortcomings. Thus evolved the idea of using a composite of the six, for this would achieve a counterbalancing of the strengths and weaknesses of each planning unit and yield a distribution of units sensitive to them.

The results of this mathematical distribution of units for each county are contained in the table which follows. The figures represent the number of low and moderate income housing units to be received by each jurisdiction under the composite distribution method. It should be emphasized that these figures are not intended to be taken precisely at their face value, but are to be used as guidelines for scattering the needed units. (see Table 1 on page 7)

The low and moderate income housing needs include both FHA-assisted and public housing units. In working toward the goals set forth here, it is necessary that each planning unit now served by a public housing authority accept a certain number of these units, as well as FHA-assisted units. The location of these will be rather strictly limited by the criteria governing their development. Within the metropolitan area, however, suitable sites are available for such housing and the way should be paved for it by execution of cooperation agreements with the Dayton Metropolitan Housing Authority to expedite its development.

In areas not now served by a housing authority, it is highly recommended that these be established. Throughout the Region there are families for whom decent housing cannot be produced by any other means. Low-rent public housing serves a very necessary purpose in helping to house the low income segment of the population and is a program that must continue apace. It, too, however, suffers tremendously from geographic confinement that limits its full usefulness.

### C. Factors for Further Considerations

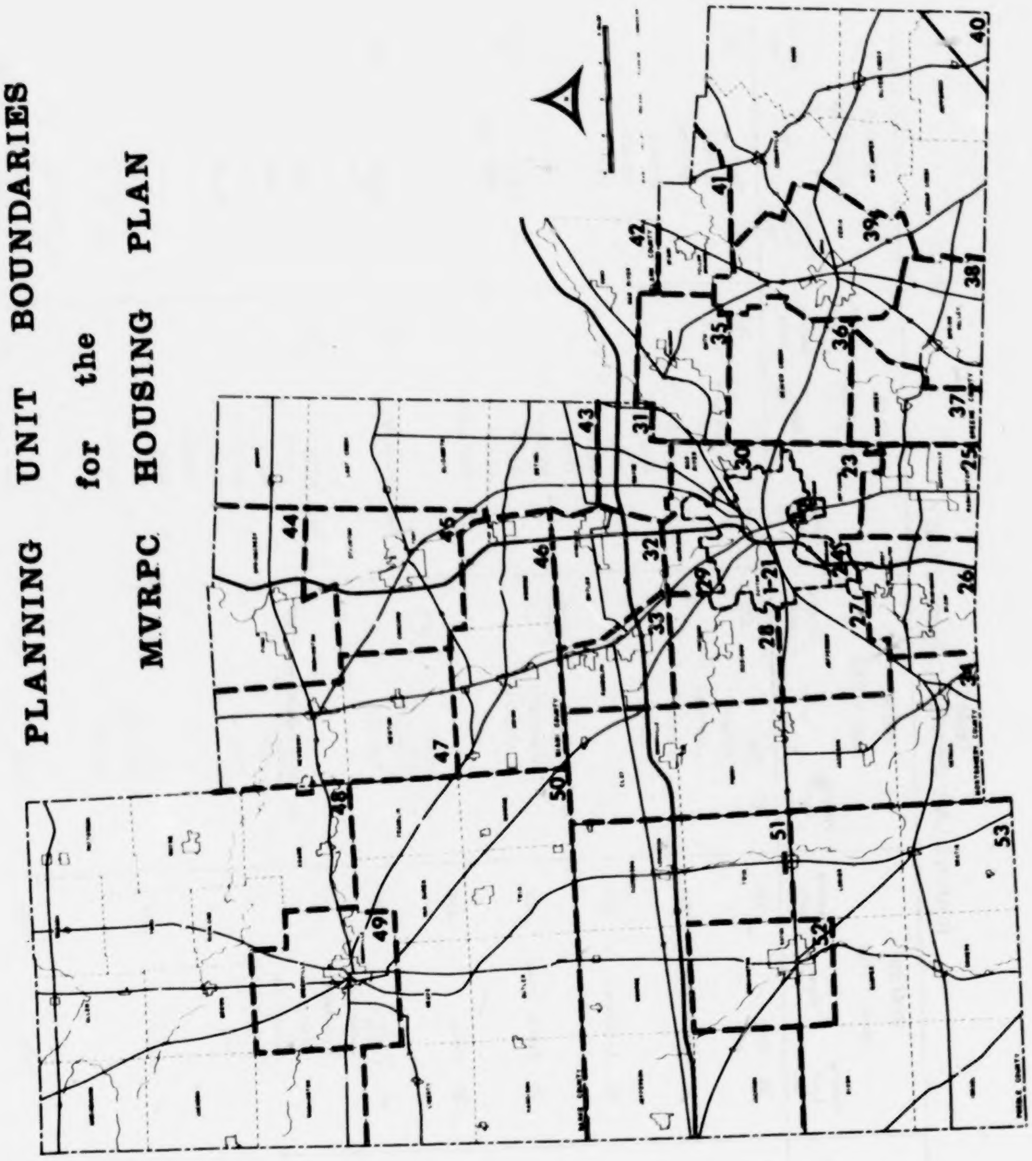
All the planning units have the capability to accept immediately a number of units of one kind or another. Based upon all of the collected data on each planning unit, the staff attempted to go through the exercise of isolating factors that might sharply curtail an area's ability to absorb the housing units. Essentially, however, they all have the necessary basic elements such as commercial facilities, transportation, land, schools, parks, utilities, etc. Not all the potential sites in a given planning unit have all these things, but it is most likely that sites can be found in all of them that are satisfactory. A more detailed analysis will have to be made on a project by project basis as proposals are made.

### MVRPC Involvement

In proceeding with the implementation process, the MVRPC staff has and will continue to accept the responsibility of working with representatives of all the planning units to develop needed housing in ways that will be most sensitive to their problems and that will assure the greatest possibility of enhancing the quality of community life. Officials and citizens alike are invited to meet with the staff and its consultants whenever they deem necessary and beneficial to discuss housing for their particular area.

Figure 1

## PLANNING UNIT BOUNDARIES for the MVRPC HOUSING PLAN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MONTGOMERY COUNTY

### Table 1
### HOUSING UNIT DISTRIBUTION BY COUNTY

**MONTGOMERY**
Need = 8811

| Planning Unit No. | Name | dwelling units |
|---|---|---|
| 1-21 | Dayton City | 1709 |
| 22 | Oakwood | 634 |
| 23 | Kettering | 678 |
| 24 | Moraine | 335 |
| 25 | Washington | 599 |
| 26 | Miami | 740 |
| 27 | Jefferson | 441 |
| 28 | Madison | 414 |
| 29 | Harrison | 582 |
| 30 | Mad River | 441 |
| 31 | Wayne | 432 |
| 32 | Butler | 573 |
| 33 | Randolph | 502 |
| 34 | West: | 731 |
| | Clay | |
| | Perry | |
| | Jackson | |
| | German | |
| | Total | 8811 |

**GREENE**
Need = 2159

| Planning Unit No. | Name | dwelling units |
|---|---|---|
| 35 | Bath | 339 |
| 36 | Beavercreek | 291 |
| 37 | Sugarcreek | 257 |
| 38 | Spring Valley | 158 |
| 39 | Xenia | 354 |
| 40 | Eastern: | 436 |
| | Caesar Creek | |
| | New Jasper | |
| | Jefferson | |
| | Silver Creek | |
| | Cedarville | |
| | Ross | |
| 41 | Miami | 324 |
| | Total | 2159 |

**MIAMI**
Need = 1553

| Planning Unit No. | Name | dwelling units |
|---|---|---|
| 43 | East: | 295 |
| | Brown | |
| | Lost Creek | |
| | Elizabeth | |
| | Bethel | |
| 44 | Piqua: | 326 |
| | Washington | |
| | Spring Creek | |
| 45 | Troy: | 311 |
| | Concord | |
| | Staunton | |
| 46 | Tipp - W. Milton | 295 |
| | Union | |
| | Monroe | |
| 47 | West: | 326 |
| | Newberry | |
| | Newton | |
| | Total | 1553 |

**DARKE**
Need = 734

| Planning Unit No. | Name | dwelling units |
|---|---|---|
| 48 | North: | 264 |
| | Mississinawa | |
| | Allen | |
| | Wabash | |
| | Patterson | |
| | Jackson | |
| | Brown | |
| | York | |
| | Richland | |
| | Wayne | |
| | Adams | |
| | Washington | |
| 49 | Greenville | 198 |
| 50 | South: | 272 |
| | Liberty | |
| | Neave | |
| | Van Buren | |
| | Franklin | |
| | Harrison | |
| | Butler | |
| | Twin | |
| | Monroe | |
| | Total | 734 |

**PREBLE**
Need = 868

| Planning Unit No. | Name | dwelling units |
|---|---|---|
| 51 | North: | 321 |
| | Jackson | |
| | Jefferson | |
| | Monroe | |
| | Harrison | |
| | Twin | |
| 52 | Eaton: | 278 |
| | Washington | |
| 53 | South: | 269 |
| | Dixon | |
| | Israel | |
| | Somers | |
| | Gasper | |
| | Lanier | |
| | Gratis | |
| | Total | 868 |

## VIII

# HOUSING GOALS and POLICIES
## for the
## MIAMI VALLEY REGION

Adopted September 23, 1970
Meeting No. 67

## A RESOLUTION

WHEREAS, sound and adequate shelter is one of the most basic of human rights; and

WHEREAS, we have previously committed ourselves to "a decent home for every family" in the Miami Valley Region; and

WHEREAS, there is a critical shortage of housing locally, particularly for families and individuals of low and moderate means; and

WHEREAS, alleviating the shortages that presently exist requires the cooperation and efforts of all related public and private community resources;

NOW, THEREFORE, the Miami Valley Regional Planning Commission hereby adopts the following goals for housing within the Region:

1. to adequately house all of the Region's people;
2. to create and/or maintain sound, viable neighborhoods in the process of housing those people;
3. to increase the supply of housing units numerically especially for low and moderate income families and individuals;
4. to expand the range of housing opportunity for everyone geographically.

In pursuit of these goals, and to facilitate meeting the Region's housing needs, the Miami Valley Regional Planning Commission hereby adopts the following Housing Policies as guidelines for its ongoing Housing Program:

1. Encourage local officials throughout the Region to accept the goals of the Housing Plan and to initiate definitive efforts toward developing the needed housing units.
2. Encourage local officials throughout the Region to implement the policies of the Housing Plan as amended herein.
3. Authorize the provision of staff services, upon request and to the extent feasible, to local officials, private and public organizations, and citizen groups to supply information about, and to aid in the location, evaluation, and compatible development of, proposed housing units.
4. Authorize the MVRPC staff, in the course of the above and in conjuction with the City-County Housing expeditor, to act as a central monitoring point for all low and moderate income housing developments.
5. Through its staff, evaluate proposals and attempt to insure:
   a. that the quality of construction of the proposed housing units shall equal those of modestly priced housing units being constructed in the same locality and during the same time period;
   b. that new housing developments shall be located in such a manner that they will be served by commercial and recreational facilities, transportation, schools (where required), employment opportunities and all of the necessary facilities in keeping with sound planning principles;
   c. that every effort shall be made to create new housing developments that are compatible with the character of the neighborhood in which they are to be built;
   d. that guideline densitites for multiple-unit development for standard families shall conform to local zoning standards. The maximum size and density of such developments, however, should be governed by realistic consideration of the occupants' living needs, compatibility with existing development and physical site limitations.
6. Operate, through the staff, a central collection, processing, and dissemination point for housing-related data.
7. Encourage the adoption and vigorous enforcement of fair housing ordinances.
8. Promote means through which local citizens can be involved in the development of projects meeting the local communities' housing needs.
9. Authorize the staff to work with agencies, sponsors, and developers of low and moderate income housing to emphasize the entreprenurial and employment

opportunities inherent in them for minority contractors, sub-contractors and construction trades workers. Efforts should be made to coordinate with emerging business organizations, directing assistance at the stimulation of such groups.

10. Promote efforts throughout the Region to provide credit counseling to enable families to qualify for home ownership programs and increase their possibilities for continuing home ownership.

11. Encourage programs leading to home ownership for families, but at the same time recognizing that this situation is not desirable for all families at all points in time, and therefore, choice must be offered.

12. Encourage local officials to develop ways of making rehabilitation of deteriorating housing a significant activity and a part of their overall housing policies.

13. Explore the development of a land bank which could obtain appropriately located land, including available excess public lands, for low and moderate income housing.

14. Endorse continued participation in the housing process by community leaders and resource groups through provision of seed monies for non-profit sponsorship of low and moderate income housing developments.

15. Encourage active participation in the housing process by lending institutions through mortgage loans to non-profit, limited dividend and profit-motivated developers and through the provision of risk capital for housing development ventures.

16. Encourage the U.S. Department of Housing and Urban Development to adopt more flexible and workable standards for qualifying participants in home ownership programs.

17. Encourage the Federal Housing Administration and the Farmers Home Administration to work with local elected officials and MVRPC to insure that the placement of new housing developments is consonant with the intent of the housing goals.

18. Adopt the county-wide housing unit needs and the suggested distribution, as shown in the Distribution Tables contained in the Housing Plan dated July 1970, for the purpose of encouraging housing opportunity and choice. Adoption of the suggested distribution assumes that the figures are to serve as flexible guidelines, subject to modification as additional factors are brought out through consultation with citizens and local officials in the involved political subdivisions.

Local officials are requested to consider appropriate action, concerning the following policies directly related to their part of the implementation process:

1. Endorsement of the goals and policies of the Housing Plan as amended.

2. Recognition of housing as a public, as well as a private responsibility, due the express attention and effort of all local government officials.

3. Determination and removal of any discriminatory restrictions imposed by local codes and ordinances upon the location of low and moderate income housing developments.

4. Examination of health, safety, building or housing codes to determine to what degree, if any, they unnecessarily impede the construction of needed housing units.

5. Encourage experimentation with alternative development and construction standards which would facilitate lower construction costs, provide greater neighborhood livability and increase the choice of living patterns available to the Region's families.

6. In areas not now so served, establishment of public housing authorities to build, operate and maintain housing for lower income families and individuals.

7. Adoption, by local elected officials, of such resolutions of agreement or cooperation agreements as may be required to enable placement of low and moderate income housing within their jurisdiction.

8. Enact and vigorously enforce fair housing ordinances.

9. Design and activate programs aimed at working with neighborhood groups to improve the quality of the residential environment.

10. Establishment of greater communication and cooperation among governmental officials, school officials, other organizations, citizens, and the MVRPC to identify problems of school districts in absorbing new students and to seek solutions to those problems.

11. Provision of educational information and technical assistance to rural and small community residents as well as urban area residents, regarding the availability of financial programs for housing improvement in those areas.

12. Cooperation with MVRPC in exploring the feasibility of accepting a share of the Region's needed housing units.

10497

# HOUSING NEEDS

# IN THE MIAMI VALLEY REGION

JUNE 1970

## I

## INTRODUCTION

The Miami Valley Region is experiencing a housing shortage. The extent of this shortage will be reflected in the data presented herein on housing need. In this regard, the five counties encompassed within the Region (Montgomery, Greene, Miami, Preble and Darke) vary in terms of the extent and quality of their total housing environments and in the amount of housing needed by each to adequately house its population.

The primary purpose of this report is to document the extent of present housing needs in the five counties of the Region.

In an attempt to offer clarity, the following terminology will be defined:

| | |
|---|---|
| Housing Need – | the number of units required in order to provide all households with decent, safe and sanitary dwelling units and to provide a sufficient number of vacant units to create a vacancy rate within which choice can be offered and mobility can occur. |
| Housing Demand – | "The number of (housing) units that will be absorbed at a specific price . . . It is concerned primarily with new units entering the market and only secondarily with exchanges in the existing stock. . . Demand by definition must be effective and, therefore, is limited." [1] |

The most basic distinction between these two concepts is that need is defined without primary consideration to the economics of the situation or the "insatiable desire" and "the ability to pay" which characterize effective demand. Need is primarily a social concept, while demand is an economic concept. This report will deal with the issue of need rather than demand.

The most revealing conclusion which can be drawn from this study is that the housing needs indicated in 1970 for the various counties are the result of an accumulated housing deficit over a long period of time. A glaring reality is that while housing has been built, only very small quantities have been built primarily for the low and moderate income population. Their need has been met insufficiently through the filtering process whereby, to a large extent, the old deteriorated and dilapidated units comprise their housing market.

## II

## FACTORS in ESTABLISHING HOUSING NEED

The need for additional housing is partially based on aspects of population growth in terms of net increase, migration, and projected household size changes. In addition to the factor of new household formations upon which the above contributing factors will have impact, such elements as overcrowdedness, vacancy, extent of dilapidation and the number of demolitions must be taken into consideration in analyzing housing need.

In order to evaluate the extent of housing need more fully and systematically, the MVRPC staff approached the problem from two angles in terms of 1) examining the extent and condition of the dwelling unit supply, and 2) deriving the gross dwelling unit need from several somewhat discrete factors.

### A. Dwelling Unit Supply

What is the inventory of the existing dwelling units? In this report, the housing inventory will be used to refer to the total number of existing dwelling units including non-usable farm units and dilapidated units. The difference between the total number of dwelling units, and the non-usable farm units and the dilapidated units yields what we will refer to throughout the report as net usable units. It should be noted that "usable units" includes the portion of the housing stock that is in deteriorating, but salvagable, condition. These units will require repair or rehabilitation to maximize their livability within the total housing supply. Table 1 provides the housing inventory by county for 1970.

**Table 1**

Housing Supply by County, 1970

| Factors of Housing Supply | Montgomery | Greene | Miami | Preble | Darke |
|---|---|---|---|---|---|
| No. of dwelling units, total | 197,303 | 36,401 | 28,083 | 11,145 | 15,410 |
| Dilapidated and non-usable farm units | - 1,919 | - 908 | - 905 | - 689 | - 789 |
| Net usable units | 195,384 | 35,493 | 27,178 | 10,456 | 14,621 |

### B. Dwelling Unit Need

The increase in the number of households, vacancy rate and estimated doubling and overcrowding are the factors of consideration in determining gross or total housing need.

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1. FHA Techniques of Housing Market Analysis. Department of Housing and Urban Development, January, 1970, p.p. 157, 164.

1. Households

As mentioned earlier, the primary factor in estimating present and future gross need is the total number of households. The extent to which the private housing market keeps up with this growth will partially determine whether there will be a housing supply deficit. It is important to note, however, that production of housing in the private market is not spread evenly across the range of household income brackets. Housing being produced today is largely middle and upper income in nature, as evidenced by the fact that the average price of new homes built in Montgomery County in 1969 was $25,300. Although it is impossible to draw exact cut-off lines for the level at which households begin to have difficulty competing in the open housing market, some rough determinations can be made. In this report, it is considered that in Montgomery County and Greene County households with incomes of less than $10,000 comprise the low and moderate income group; in Miami, Preble and Darke Counties, households with incomes of less than $7,000 comprise this group.

It is primarily within the low and moderate income groups that housing need exists, since few housing units are being built that are within the buying power of these households and the existing units available to them are often of poorer quality. Conversely, it is in the middle and higher income groups that effective demand exists, for these are the households that can actively compete for the new housing being built today.

2. Vacancy Rate

As defined by the Department of Housing and Urban Development, the vacancy ratio is simply the total number of vacant dwelling units divided by the total housing inventory. An accepted rule of thumb as to what is a suitable vacancy rate ranges from 3% to 6% depending upon the type of housing and the kind of area in question. The vacancy rate in summer, 1969, for the counties of the Region ranged from a low of 1.6 in Montgomery County to a high of 4 to 5% (estimated) in Darke County. In general, for the purposes of this report, an overall rate of 4.5% is considered comfortable for Montgomery and Greene Counties, while a rate of 4.0% appears sufficient for the three other rural counties of Miami, Preble, and Darke. Within these rates such factors as mobility, up-keep, renovations, etc., can occur.

3. Doubling and Overcrowding

Another important factor in determining housing need is doubling and overcrowding. The basic assumption within this report with reference to the factor of doubling is that it is relevant mainly to that segment of the population characterized by poverty conditions, and not the remainder of the population, since better economic conditions facilitate a climate of mutual choice about doubling.

## III

## HOUSING NEED ESTIMATES

A. Analysis of Need by County

Based upon the factors of need for and supply of housing units, a county by county analysis was made of total need, net need or deficit, and need for low and moderate income units for 1970; and of total need and net need or deficit by 1975. These computations and their results for 1970 are presented in the tables that follow.

**Table 2**

Housing Need Analysis
Montgomery County
1970

| Housing Need | | Housing Supply | |
|---|---|---|---|
| Households | 193,675 | All dwelling units | 197,303 |
| Undoubling | + 3,102 | Dilapidation/non-usable farm | - 1,919 |
| Vacancy @ 4.5% | + 8,855 | | |
| Total Need | 205,632 | Usable Supply (net) | 195,384 |
| Usable Supply | -195,384 | | |
| Net units needed (deficit) | 10,248 | | |
| Units needed for low & moderate income | 8,811 | | |
| Percent of Deficit | 86 | | |

**Table 3**

Housing Need Analysis
Greene County
1970

| Housing Need | | Housing Supply | |
|---|---|---|---|
| Households | 35,491 | All dwelling units | 36,401 |
| Undoubling | + 699 | Dilapidation/non-usable farm | - 908 |
| Vacancy @ 4.5% | + 1,629 | | |
| Total Need | 37,819 | Usable Supply (net) | 35,493 |
| Usable Supply | - 35,493 | | |
| Net units needed (deficit) | 2,326 | | |
| Units needed for low & moderate income | 2,159 | | |
| Percent of Deficit | 93 | | |

### Table 4

Housing Need Analysis
Miami County
1970

| Housing Need | | Housing Supply | |
|---|---|---|---|
| Households | 26,782 | All dwelling units | 28,083 |
| Undoubling | + 920 | Dilapidation/non-usable farm | - 905 |
| Vacancy @ 4.0% | +1,108 | | |
| Total Need | 28,810 | Usable Supply (net) | 27,178 |
| Usable Supply | - 27,178 | | |
| Net units needed (deficit) | 1,632 | | |
| Units needed for low & moderate income | 1,553 | | |
| Percent of Deficit | 95 | | |

### Table 5

Housing Need Analysis
Preble County
1970

| Housing Need | | Housing Supply | |
|---|---|---|---|
| Households | 10,829 | All dwelling units | 11,145 |
| Undoubling | + 127 | Dilapidation/non-usable farm | - 689 |
| Vacancy @ 4.0% | + 438 | | |
| Total Need | 11,394 | Usable Supply (net) | 10,456 |
| Usable supply | - 10,456 | | |
| Net units needed (deficit) | 938 | | |
| Units needed for low & moderate income | 868 | | |
| Percent of Deficit | 93 | | |

### Table 6

Housing Need Analysis
Darke County
1970

| Housing Need | | Housing Supply | |
|---|---|---|---|
| Households | 14,677 | All dwelling units | 15,410 |
| Undoubling | + 217 | Dilapidation/non-usable farm | - 789 |
| Vacancy @ 4.0% | + 596 | | |
| Total Need | 15,490 | Usable Supply (net) | 14,621 |
| Usable Supply | - 14,621 | | |
| Net units needed (deficit) | 769 | | |
| Units needed for low & moderate income | 734 | | |
| Percent of Deficit | 95 | | |

The following table summarizes all of the housing need estimates for the five counties for 1970.

### Table 7

HOUSING NEEDS BY COUNTY
1970

| County | Net Units Needed | Low and Moderate | |
|---|---|---|---|
| Montgomery | 10,248 | 8,811 | 86% |
| Greene | 2,326 | 2,159 | 93% |
| Miami | 1,632 | 1,553 | 95% |
| Preble | 938 | 868 | 93% |
| Darke | 769 | 734 | 95% |
| Total (Region) | 15,913 | 14,125 | 89% |

B. The Role of Rehabilitation

Reference has been made in this report to the volume of dwelling units in the Region that are in deteriorating, but repairable, condition. Careful note should be taken that these are counted in this analysis as a part of the usable supply. For that usable supply to function at its maximum capacity, then, requires that these units be rehabilitated and restored to their full usefulness. The need estimates presented here are conservative to the extent that they reflect only those new units that must be added to housing inventory. Were needed construed to mean both new and rehabilitated units, the total figures would rise astronomically.

Although rehabilitation is of secondary consideration in this report and will be the subject of additional work, estimates of the number of units in need of rehab in each county are shown in Table 8 below. The amount of actual work that these units are in need of varies from relatively minor repair work to complete gutting and rehabilitation.

### Table 8

Dwelling Units in Need of Rehabilitation
(by County - 1970)

| | |
|---|---|
| Montgomery | 19,389 |
| Greene | 4,634 |
| Miami | 4,648 |
| Preble | 2,370 |
| Darke | 3,708 |
| Total | 34,749 |

Source: MVRPC estimates

## IV

## CONCLUSIONS

1. The MVR is presently in need of some 16,000 new housing units.

2. Of these, more than 14,000, or 89% are needed for low and moderate income families.

3. In addition, nearly 35,000 dwelling units are in need of rehabilitation to make them fully a part of the usable housing supply.

10500

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Gruen Gruen + Associates
San Francisco

## PROJECTED WORK PROGRAM FOR THE HOUSING ELEMENT
### 1970 — 1972

| | 1970 | | 1971 | | 1972 | |
|---|---|---|---|---|---|---|
| OBJECTIVES | PLANNING | IMPLEMENTATION | PLANNING | IMPLEMENTATION | PLANNING | IMPLEMENTATION |
| 1. Increased production of housing, with emphasis on units for low and moderate income households; increased vacancy rates. | . explore market aggregation using Breakthrough concept.<br>. research new techniques.<br>. identfy sites.<br>. develope distribution plan for new units required. | . work directly with builders, developers, manufacturers and Homebuilders Association.<br>. familiarize producers with new techniques.<br>. review proposals. | . monitor all new development<br>. evaluate and measure degree of effectiveness.<br>. monitor developing techniques and evaluate effectiveness.<br>. review use and availability of sites. | . provide guidance to developers through "coordination vehicle" listed below.<br>. enlist new "mass production" methods for local use.<br>. encourage full use of FHA and other public programs.<br>. review proposals. | . monitor new development<br>. evaluate and measure effectiveness<br>. review use of new methods locally<br>. review use and availability of sites. | . continued work with developers through "coordination vehicle".<br>. enlist new "mass production" methods for local use.<br>. conduct educational program on new Federal programs and encourage full use.<br>. review proposals. |
| 2. Creation of a vehicle to coordinate housing production and efforts. | . explore existing resources<br>. determine a viable structure<br>. design work program | . provide staff liason<br>. provide research and support<br>. provide space | . update work program<br>. evaluate organization and modus operandi | . refer requests<br>. continued staff support | . update work program<br>. evaluate effectiveness | . refer requests<br>. continued staff support<br>. special projects assistance |
| 3. Assessment of impact of placing low and/or moderate income housing in middle income neighborhoods. | . design detailed study, in total, with provision for phasing<br>. review needed specialized professional assistance | . implement Phase I<br>. provide supervision<br>. provide staff research<br>. provide space | . review study design | . implement Phase II<br>. provide supervision<br>. provide staff research<br>. provide space<br>. disseminate findings | . identify uses for study and special methods for application locally | . use study as an educational tool to dispel myths and fears. |
| 4. Provision of preliminary technical assistance to potential and actual housing sponsors. | . update program information<br>. monitor progress of groups consulted with to date. | . provide preliminary guidance<br>. refer request to qualified professional<br>. present information to interested groups | . update information in conjunction with "coordination vehicle".<br>. monitor progress of groups consulted with | . refer requests to "Coordination vehicle" staff.<br>. co-sponsor conference on programs<br>. present information to interested groups | . update information in conjunction with "coordination vehicle".<br>. monitor progress of groups consulted with | . refer requests<br>. publish summaries and explanations of new programs<br>. present information to interested groups. |
| 5. Establish credit counseling for families unable to obtain credit | . assess local indications of interest.<br>. determine suitable vehicle to assume function | . facilitate operation<br>. assist with work program<br>. seek supporting resources | . assess coverage and results | . implementation self-supporting | . assess coverage and results | . implementation self-supporting |
| 6. Increased rate of demolition of unsound units, assuming enough production to facilitate relocation | | | . assess current rate of demolition.<br>. recommend areas of the Region for demolition programs. | . coordinate with appropriate implementing agencies | . assess progress<br>. recommend additional areas | . coordinate with appropriate implementing agencies |
| 7. Increased volume of rehabilitation work. | . identification of areas where rehab would be applicable | . work directly with jurisdictions involved.<br>. work directly with sponsors and developers qualified to engage in rehab work. | . assess current efforts | . provide guidance to local officials, sponsors, developers on rehab | . assess efforts to date<br>. re-evaluate area designations<br>. assess effects on areas experiencing rehabs. | . provide guidance to local officials, sponsors, developers<br>. disseminate information on potential and progress of rehabs. |
| 8. Provision of locational and design criteria for new housing development public and private | . complete research<br>. complete PUD paper<br>. complete housing location and project design paper | . disseminate research results (Advisory Bulletins) | | . work with DMHA and private developers and sponsors of projects | | . work with DMHA and private developers and sponsors of projects |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9. Analysis of all local codes and ordinances governing development of housing. | . complete research<br>. analysis<br>. identify obstacles<br>. recommend changes | . promote changes<br>. work with local officials | . assess changes | . work with local officials | . assess changes to date<br>. evaluate developer attitudes | . work with local officials |
| 10. Preparation and maintenance of Regional Housing Plan. | . complete plan, including need and distribution. | . begin work with officials, developers, sponsors, DMHA, Model Cities, etc, to implement plan<br>. seek formal plan adoption | . update plan<br>. evaluate efforts | . continue implementation efforts with developers, officials, etc. | . update plan<br>. evaluate efforts | . continue implementation work with developers, officials, etc. |
| 11. Preparation of a strategy plan for coordinating all local housing efforts. | . review existing agencies and activities<br>. construct plan of action | . feed action plan into "coordinating vehicle" | . update plan<br>. evaluate efforts and effectiveness | . plan implementation through "coordinating vehicle" | . update plan<br>. evaluate efforts and effectiveness | . continue implementation through "coordinating vehicle" |
| 12. Achievement of jurisdictional recognition of housing as a local governmental responsibility, and increased citizen understanding and support | . review and evaluate present status of attitudes | . provide research and data on housing problems<br>. meeting with officials and citizen groups<br>. conduct public information program | . evaluate progress | . continue similar implementation work | . evaluate progress | . continue similar implementation work |
| 13. Evaluation of the need for additional Housing Authorities in the Region | . analyse possible need | . discuss acceptance and/or expansion with other counties. | | . establish authorities where needed | . prepare distribution plans for needed units. | . new authorities self-supporting. |
| 14. Establishment of a Region-wide bank of housing data | . Design system<br>. update information | . publish updated information | . de-bug system<br>. update information | . publish updated info<br>. feed information into "coordinating vehicle" | . expand system plan for mechanization<br>. update information | . publish updated information<br>. feed information into "coordinating vehicle" |
| 15. Standardization of Building Permits | | | . review existing systems<br>. design forms<br>. design reporting system | . preliminary work with local officials | . de-bug system | . adoption of new system by jurisdictions<br>. system operational |
| 16. Establishment of vehicle to expedite open housing and reduce racial barriers | . assess existing efforts<br>. assess current distribution of Black households in metropolitan area | . assist in designation of action group | . assist in design of program for action | . provide support and research staff<br>. assist in education programs | . evaluate effecitveness<br>. update work program | . continue support services<br>. assist in education programs |
| 17. Require anti-discrimination activities and programs of applicants for Federal aid. | | . Employ 204 review process | | . Employ 204 review process | | . Employ 204 review process |
| 18. Placement of public housing in locations throughout the metropolitan area | . assist in identifying appropriate locations<br>. assist in identifying needed types | . aid DMHA in gaining acceptance<br>. support valid proposals | . evaluate progress<br>. assist in identifying locations | . continue support of DMHA<br>. encourage full use of programs | . evaluate progress<br>. aid in re-evaluating need | . continued support of DMHA |
| 19. Assessment of rural housing problems and development of plan for solutions | | | . assess existing conditions<br>. design program of action | . work with localities to implement recommendations<br>. encourage use of available programs | . evaluate progress<br>. update action plan | . continue implementation process |
| 20. Enactment of State housing legislation and programs. | . review pending legislation | . testify on legislation<br>. support positive state programs | . review pending legislation | . testify on legislation<br>. support positive state programs | . review pending legislation | . testify on legislation<br>. support positive state programs |
| 21. Execution of Special Studies, as required | . study designs | . appropriate action or dissemination | . study designs | . appropriate action or dissemination | . study designs | . appropriate action or dissemination |

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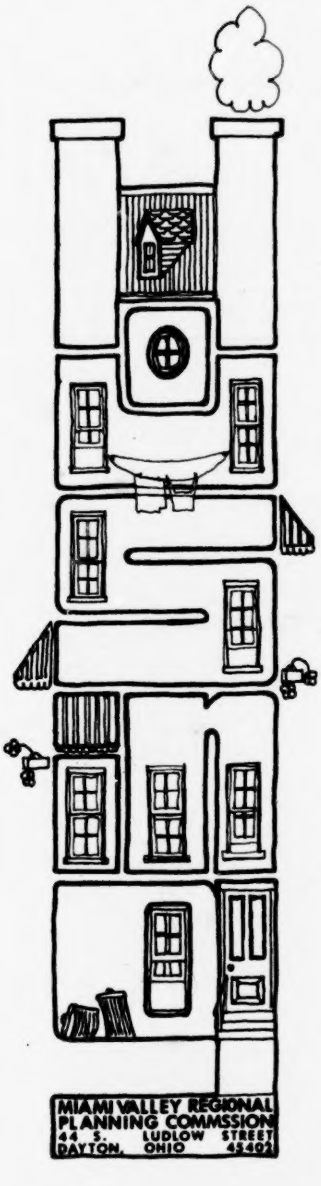
MIAMI VALLEY REGIONAL
PLANNING COMMSSION
44 S. LUDLOW STREET
DAYTON, OHIO 45402

# DIRECTIONS FOR THE SUBURBS

. . . EXPANDING LOW AND MODERATE INCOME HOUSING OPPORTUNITIES IN THE DAYTON, OHIO REGION . . .

APRIL, 1971

PREPARED BY GRUEN GRUEN + ASSOCIATES
FOR THE MIAMI VALLEY REGIONAL PLANNING COMMISSION

10504

# DIRECTIONS FOR THE SUBURBS

...Expanding Low and Moderate Income
Housing Opportunities in the Dayton, Ohio Region...

Nina J. Gruen

Claude Gruen

Prepared by Gruen Gruen + Associates
For The Miami Valley Regional Planning Commission

April, 1971

Prepared by
GRUEN GRUEN + ASSOCIATES
March, 1971

For and In Cooperation With

THE MIAMI VALLEY REGIONAL PLANNING COMMISSION

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While we owe our appreciation to many, the authors alone are responsible for the contents of this report.

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# I. THE NEED FOR SUBSIDIZED HOUSING UNITS IN THE SUBURBS

> "...there is a geographic dimension to the regional housing need picture."[1]

## A. THE RELATIONSHIP BETWEEN THE MIAMI VALLEY REGIONAL HOUSING PLAN AND THIS STUDY

In July 1970 the Miami Valley Regional Planning Commission (MVRPC) issued a housing plan that called for the federally assisted construction of 14125 dwelling units for low and moderate income households in the five-county region that includes the City of Dayton. These units were to be built over a four-year period throughout all the region's communities, not just in the run-down neighborhoods of the older cities and towns that have historically furnished locations for most federally assisted lower income housing. The plan pointed to the fact that Dayton now has virtually the entire region's inventory of public and assisted housing and suggested that most of the additionally needed public housing units be built elsewhere.

The plan had these two principal goals: "To adequately house all of the region's people. To create and/or maintain sound, viable neighborhoods in the process of housing those people."[2]

Analysis of the local housing situation led to the conclusion that these basic goals could not be met unless housing program efforts were bent toward increasing the supply of housing units, especially for low and moderate income households, and expanding the range of housing opportunity for everyone geographically.[3] The plan called for placing low and moderate income housing units in suburban areas where there may be very little or no such housing now.[4]

The plan was approved by the representatives of the region's communities that sit on the regional planning group as its commissioners. The Dayton Metropolitan Housing Authority (DMHA) agreed to cooperate. The staff of the MVRPC stood ready to work with all community representatives to develop housing in ways that would preserve and enhance the quality of life in the region's communities.

In many suburban communities, however, the response was not universally enthusiastic. Both the MVRPC and the DMHA recognized that if the plan were to be implemented in a manner that would benefit the entire region, they needed to find out more about the causes of the resistance they perceived. Furthermore, they recognized that successful implementation would require information about the impact of alternative approaches to placing low and moderate income housing units in the suburbs.

Therefore, they contracted and cooperated with Gruen Gruen + Associates in the study of the factors that could inhibit the implementation of the plan and the effect of placing low and moderate income housing units in suburban areas. The study included a survey of the participants in the local housing processes: we interviewed a sample of low and moderate income families, suburbanites in four areas of the region, local public officials, and businessmen from various branches of the industry that locate, finance, build, and sell housing. These interviews were used to ascertain what factors act as what we call "facilitators" and "inhibitors" to the placing of lower income housing in suburban neighborhoods and communities, and to learn what type of housing and housing patterns the low and moderate income families actually want. We also interviewed housing experts around the country to gain information about the effects of the development of neighborhoods or other areas whose residents differed in their economic, social, or racial characteristics or whose structures differed in the kind of residences provided (e.g., single-family house, apartment, etc.). The chapters that follow summarize the results of these research efforts.

We have also analyzed this information to predict the kinds of impacts that low and moderate income housing placement can have on the neighborhood or community features that the suburbanites we interviewed indicated they particularly valued. These effects will vary with the kind of programs and housing patterns used to bring the less affluent to the suburbs. In Chapter VIII we have listed the criteria that should be followed if the new housing is to benefit both the people who will live in it and the communities in which it is located. Finally, these criteria, or directions for solutions, were used to evaluate the existing federal programs, to suggest the need for at least one new program, and to recommend the kind of implementation that is required.

Much of the information this report presents came from the people of the Miami Valley Region. Thus, some of the specific research results and planning recommendations may apply only to this region. However, many of the underlying factors that can impede or facilitate the expansion of low and moderate income housing opportunities into the suburbs of this five-county Ohio region apply also to the other metropolitan regions of the United States.

We also believe that much of what motivated the Miami Valley Regional Planning Commission to call for the expansion of such opportunities has a parallel in other regions. The MVRPC did not call for the development of subsidized housing in the suburbs because it wanted to engage in social engineering: It called for such action in order to improve the quality and quantity of housing available to the expanding population of this growing region and to encourage land-use patterns that would benefit this and future generations.

The purpose of our research and analysis can best be understood if we first summarize some of the factors that led the Miami Valley planners to make the expansion of low and moderate income housing opportunities a critical element in their housing program - that is, if we first answer two questions: Why subsidize new housing for those too poor to buy it on their own? and, Why locate any of these dwellings in the suburbs?

## B. WHY SUBSIDIZE LOW AND MODERATE INCOME HOUSING?

In a December 1970 article in the American Economic Review, Henry Aaron of the Brookings Institution reported on his research concerning income taxes and housing:

> "The Internal Revenue Code contains massive tax subsidies for housing. The largest accrue to homeowners through exemption from taxation of net imputed rent and deductibility of mortgage interest and property taxes paid. Smaller benefits accrue to owners of rental housing to the extent that accelerated depreciation exceeds true depreciation on real estate by a greater margin than accelerated depreciation on other properties."[5]

Aaron notes that while these tax benefits offer substantial subsidies to the middle and upper income households who can buy houses or rental units, they do not help those who own neither. He and other researchers into this subject also point out that the gains from these subsidies rise with one's tax bracket and have no effect if income is so low that the taxpayer takes a standard deduction.[6] The U.S. Treasury Department estimates that the deduction of interest on mortgages of owner-occupied homes results in a revenue loss to it of $2.8 billion per year; the deductibility of property taxes by this same group is estimated to result in an annual loss of $2.9 billion.[7] We are not suggesting that these subsidies are not desirable but merely that they do exist.

In addition to these sizable tax subsidies, upper and middle-class home and apartment owners also benefit from the federal government's heavy involvement in the mortgage market, both as an insurer and a manipulator. The provision of grants to bring roads, utilities, and sewer service into areas where new housing is being built also works to reduce the cost of these houses to the middle and upper income families that can afford to pay for their construction. Through the period ending December 31, 1968, the Department of Housing and Urban Renewal had paid out $1,278,084 in sewer and water grants alone.[8]

If any low and moderate income households are to be able to occupy new homes, they will need a different type of subsidy than those discussed above. They will need direct subsidies because they have neither the income nor the credit to pay the costs of building new homes. Until recently, the only form in which such subsidies were given was the public housing program. In April 1969 there were 744496 dwelling units under public housing management. This older program, plus those that have been added more recently and are discussed in Chapter IX, cost the federal government less than $500 million in 1970.[9]

Thus, even if direct subsidies for low and moderate income housing were to be doubled over their present levels they would still not equal the indirect federal housing subsidies granted to the more affluent members of our society. Should we continue or even increase direct subsidies to those with lower income, they would still be neither the exclusive nor the largest receivers of governmental housing subsidies. This observation is made to put the question of direct subsidies into perspective, not to suggest that because we indirectly pay for housing incentives for one group we should also provide direct incentives for other groups.

The argument for subsidy rests simply on the proposition that our society should devote some of its efforts to directly meeting the housing needs of the families now living in low-quality dwellings. These families cannot generate the "effective demand" for new housing - that is, they cannot afford to pay what it costs to build even the least expensive standard unit. Thus, as the Miami Valley regional planners realized, and as Frank S. Kristof observed in his work for the National Commission on Urban Problems, "The concept of housing need is a social, not a market, criterion. It is embodied in the definition of the national housing objective in the Housing Act of 1949. In part, it includes 'the elimination of substandard and other inadequate housing...and...a decent home and suitable living environment for every American family."[10] Thus, those who argue for direct subsidies must say - all of our citizens should live in decent housing because we as a nation can afford to let them do so, whether they as individuals can or cannot afford to do so.

Historically, even if we have given lip service to or believed in the concept of housing need, we still continue to let the low and moderate income families obtain their housing from the nation's stock of used housing. Many have argued that it was much more efficient to let those with effective demand pay for the new housing and then to let their old houses "filter down" to those who had the need but not the demand. But housing quality can also "filter down" with the price of the housing unless conditions in the local housing market work to preclude this.

The market conditions that are required to keep the quality of our least expensive older housing stock from dropping are similar to those needed to maintain the quality of used cars or any other product with a reasonably long life potential that is resold or rented on an open market. If the demand grows more quickly than the supply of the used product available for rent or sale, prices start to climb and quality drops. Conversely, if the sellers or lessors find that they have more of the product available than is demanded at current price and quality levels, they are forced to lower their prices and keep quality up.[11]

There is evidence that existing conditions in the regional housing market will not push the quality of the older used housing up. Vacancies are low and the pressure of highway construction, urban renewal, and the land needs of commercial uses chips away at the supply of housing in the neighborhoods where these older units exist. The amount of overcrowding and present use of dilapidated structures by households with incomes below $5,000 provides strong evidence of heavy demand for the older and least expensive units available.[12]

Thus, the condition of the region's stock of older, cheaper housing will tend to suffer further declines in quality in future years because of the shortage of such older units. The gap between the price of these units and the cost of newly built, non-directly subsidized housing is very great. Therefore, if we attack this shortage merely by building more units in the newer neighborhoods, the resulting "trickle down" in supply will not compete with the older, cheaper stock for many years to come.

Even if we could build enough new non-directly subsidized housing to quickly affect the stock of older housing at the bottom of the present price range, the manner in which this would have to happen might not be universally acceptable. Housing does not "filter down" in price or quality on a random house-by-house basis; instead, the housing product shifts price and quality on a neighborhood-by-neighborhood basis. Thus, any attempt to provide improved housing for the poor by a massive injection of housing for the more well-to-do would have to work by dramatically accelerating the process of neighborhood change. This is not what the MVRPC plan seeks to do. It wants to support neighborhoods that presently provide desirable housing environments - not hurry their transfer to a new set of occupants.

The plan encourages the rehabilitation of units in existing neighborhoods, but recognizes that such encouragement can be most effective if market pressures for higher quality operate concurrently with government incentives. Its call for directly subsidized units is an attempt to create such pressures, while it simultaneously supplies the need of those currently unable to afford decent housing.

## C. WHY BUILD IN THE SUBURBS?

Efforts to ameliorate undesirable conditions and to prevent further degeneration of our housing stock cannot succeed if they continue to be limited to the older neighborhoods of our cities and towns. First, these neighborhoods have relatively little open land and thus the construction of new housing frequently requires the demolition of the older. Such demolition and rebuilding is not only expensive, but also works to inhibit the raising of vacancy rates in the older neighborhoods where the lower income families now live. This in turn holds back the market forces needed to encourage the private maintenance and rehabilitation of older buildings. In other words, it precludes the double-barreled effect attainable by leaving the older units to compete with new ones.

In addition to avoiding these constraints of land and building, the use of suburban lands permits a scaling down of neighborhood size and the removal of socially and psychologically healthy families from undesirable influences. Most of the central city sites that have attracted subsidized building in the past have been near or within blighted areas. The new buildings can seldom alter the environmental effect created by the larger area. Nor is it easy to build housing in such areas without crowding inhabitants who are able to adjust to the economic and social requirements of our society close to those who cannot.

Still another reason to build such housing in the suburbs is that, to an ever increasing extent, that is where the jobs are. Industrial and other employment opportunities have been moving to the suburbs with increasing speed since the mid-1950s. This is certainly true in the greater Dayton area. If the lower income households that used to find jobs in the central city are not allowed to move as their job opportunities do, the result can only be to encourage what H. P. Miller defines as poverty: "Poverty in its truest sense is more than mere want; it is want mixed with a lack of hope."[13]

Finally, it is becoming increasingly clear that a failure to provide housing opportunities for the lower income, primarily black households currently confined to the urban centers will eventually result in a nation of low-income center cities and separate suburban communities inhabited by higher income, primarily white households. Thus, our urban centers will no longer serve their historic function as a catalyst to social interaction. America will be the poorer for this loss. Along with this very important societal loss will be the misuse of valuable land resources. Many suburban communities, in their attempts to keep out the less affluent, will continue to institute large lot zoning, thus using up land which should be kept for future generations.

Although we began this study forewarned by John F. Kennedy's words, "Just because there's a problem doesn't mean there's a solution," we also knew that we dare not fail to find beneficial ways to provide greater suburban housing opportunities to the low and moderate income households.

## II. LOW AND MODERATE INCOME HOUSEHOLD ATTITUDES AND PREFERENCES

"Glad Someone Started Asking Instead of Telling"[1]

### A. WHY SURVEY THOSE TOO POOR TO AFFORD NEW HOUSING?

To many, hopefully, the answer is obvious. These are the people who will live in the new suburban housing whose construction is to be encouraged by governmentally supported programs and policies. It is absurd to plan housing for any group without considering the needs and preferences of the group. No private builder or developer operating in a competitive market could so neglect his consumers: his failure to perceive the preferences of potential buyers would cause them to take their housing dollars elsewhere. However, there is usually no such constraint upon subsidized housing produced for low and moderate income households. At least historically, the production of directly subsidized housing has been far too small to satisfy the demands of those who were eligible for it. Therefore, there was no competition and those too poor to buy non-directly subsidized housing were forced to take whatever was produced for them, wherever it was located.

So, directly subsidized housing for the poor and for moderate income households has been used whether or not the housing fit the physical needs, tastes, and life style preferences of the users. Frequently, such programs have benefited neither the occupants nor society as a whole. Since the government first began to build directly subsidized public housing projects, the cry has frequently been heard: "Things didn't work out the way we planned." These past "errors" are then studied by the developers of new programs to avoid their repetition. But such studies do not provide sufficient information for the formulation of effective new programs. They cannot properly evaluate the full range of possibilities in the light of user requirements. To get such information one must study the housing preferences and attitudes of those who will be served by the programs. That is what the Miami Valley Regional Planning Commission and the Dayton Metropolitan Housing Authority have asked us to do. They want to know how the people they are planning for want to live, as they evaluate and conceptualize programs to serve these people.

### B. THE SAMPLE

Face-to-face interviews were held with 214 respondents drawn from a sample of low and moderate income households in

Dayton, Ohio. We did not attempt to include in our sample a proportionate number of all the different kinds of poor and moderate income households in the region. We were not polling people as to how they would vote on different housing issues. Instead, we worked with the staff of the MVRPC to develop a sample representing the major groups now living in the central city who would be expected to use the low and moderate income housing that the plan contemplates for the suburbs.

The low income individuals to be sampled were to be selected from households that earned less than $5,000 per year - half from black households and half from white. The moderate income individuals were to be drawn from households whose income ranged from $5,000-10,000 per year - again with a 50-50 racial mix.

The sample for households earning less than $5,000 a year was to be drawn at random from the DMHA's waiting list. However, the list turned out to be an imperfect source of a low income sample, for two reasons: First, while the list worked well for locating poor families in black neighborhoods, many of the addresses given in white neighborhoods were for vacant houses or demolished buildings. Therefore, to augment the sample, the MVRPC randomly selected addresses in low income white neighborhoods. Secondly, some of the respondents whose names were taken from the DMHA list reported in the interview that their annual household incomes exceeded $10,000. This does not mean that they lied to get on the list, since it is entirely possible that either husband or wife, or both, were unemployed when they were listed but subsequently found jobs.

The sample of households in the $5,000-10,000 yearly income category was drawn by using the Deed Records Manuals to find Dayton streets where people within this category could be expected to live. All house numbers on the selected sheets were then listed from the city directory and a random sample taken from the list.

The obtained sample of central city residents contained 54% white and 46% black households. Forty percent of the individuals we actually interviewed reported their household incomes to be less than $5,200 per year; 34% had incomes between $5,200 and $10,400; and 19% had incomes exceeding $10,400. The black and white households included in the sample did not differ significantly from each other in regard to income. However, the two racial groups did differ in terms of age, as indicated by Table 1.

TABLE 1

AGE OF HEAD OF HOUSEHOLD
(percent)

| | White | Black |
|---|---|---|
| Under 30 | 26% | 26% |
| 31 - 45 | 29 | 37 |
| 46 - 60 | 22 | 25 |
| Over 61 | 27 | 12 |

Sixty-seven percent of all the households in the sample contained more than one wage earner. Sixty-one percent of those workers had jobs within five miles of their present residence and 27% of the workers traveled between five and twenty-five miles to their jobs. We were unable to get exact information about the distance to work of 11% of the breadwinners whose households were surveyed. The majority of employed drove to work (75%, including 7% who ride with someone else); 16% indicated they generally rode the bus; while only 5% walked to work.

While most people use a car for work travel the bus is used more frequently (44%) than the automobile (29%) by those households seeking social services outside the home. Another 22% walk to obtain such services. The Welfare Department, the medical clinic, and the Dayton Boys Club are routine destinations of 7% of the sample. Many more of these households are welfare recipients, but most of these transactions are handled by mail.

## C. TYPE OF INFORMATION SOUGHT

A copy of the interview questionnaire is included in Appendix A . Each respondent was encouraged to make comments in addition to answering the questions. Immediately before and again after the administration of the questionnaire, the respondents were told that the interview was in no way a promise of new housing. The carefully trained and periodically debriefed interviewers explained that the information they received would be used in planning for people like the respondents; thus, it was important for the respondents to fully and accurately reveal their own attitudes and preferences.

The interviewers asked respondents to make choices regarding the following types of options:

1. A series of eight pictures showing different single- and multi-family buildings that could be produced within the cost limitations of existing programs designed to provide low and moderate income housing.
2. A central city location or a suburban location.
3. Economically heterogeneous or homogeneous neighbors with shared or unshared community facilities.
4. Interracial living or non-integrated neighborhoods.

## D. REACTIONS TO ALTERNATIVE HOUSING STRUCTURES

As indicated above, each respondent was shown a series of eight photographs. The first four illustrated a variety of multi-family structures including a high rise and a townhouse. The last four showed single-family homes varying in design from modern to traditional. Each is an existing structure in the Miami Valley Region, serving either low or moderate income households. The responses to the eight pictures are presented in Table 2 . The four apartment units are shown in Figure 1, and the four single-family homes in Figure 2.

TABLE 2

LOW/MODERATE INCOME RESPONDENT REACTIONS TO HOUSING STRUCTURES (percent)

| Single-family Picture No. | Most Liked | 2nd Most Liked | Least Liked |
|---|---|---|---|
| 5 | 13% | 20% | 15% |
| 6 | 39 | 38 | 1 |
| 7 | 4 | 3 | 75 |
| 8 | 42 | 35 | 5 |
| No choice | 2 | 3 | 3 |
| Total | 99%* | 99%* | 99%* |
| **Multi-family Picture No.** | | | |
| 1 | 41 | 25 | 6 |
| 2 | 17 | 38 | 11 |
| 3 | 3 | 8 | 76 |
| 4 | 36 | 24 | 4 |
| No choice | 3 | 5 | 3 |
| Total | 100% | 100% | 100% |

*Totals do not equal 100% due to rounding.

FIGURE 1

APARTMENT DWELLINGS

Structure 1

Structure 2

Structure 3

Structure 4

FIGURE 2

SINGLE-FAMILY RESIDENCES

Structure 5

Structure 6

Structure 7

Structure 8

Almost all the interviewees indicated that, if given the choice, they would prefer a single-family dwelling to an apartment. This strong yearning to live in their own home was associated with the desire for more personal freedom than they felt was possible in the average apartment unit.

Single-family dwellings Nos. 8 and 6 are the most preferred houses. Structure 8 is a one-story brick house with a modified ranch style appearance, complete with white trim, shutters, and mullioned windows which give it a strongly traditional flavor. It is probably most representative of the style preference of Dayton's suburban residents.

Structure 6 is a frame and brick veneer home, one story in height, and is typical of much of the Dayton area's suburban development. Common characteristics are the L-shaped plan, the large aluminum windows and the wrought-iron porch trim.

Reactions to Picture 7, the only modern alternative, were almost uniformly negative. Part of this negativism may be attributed to the picture itself which unfortunately does not show the entire house.[2] Structure 7 is a two-story, single-family home, marked by bold massing, sweeping roof lines, and dark-colored vertical wood siding. The lack of windows was perceived as particularly threatening - in fact, a female interviewee said that the house "looked dangerous" since people could "attack you at the front door" with the occupants unable to see them. Another commented that the house "just didn't make sense without windows." There were numerous statements concerning the dwelling's "barnlike" appearance. Still others found it "boxlike," closed in," and "dark-looking." Few low/moderate income households approved of its modernness.

Multi-family No. 2 and single-family No. 5 did not elicit as many responses, either positive or negative. These structures registered as more ordinary and were for the most part ignored. Structure 5 is a one-story home of wood and brick construction and of contemporary design. The color and materials used in it make it an acceptable, if unexciting, version of a ranch style home. Structure 2 is a townhouse building of brick and frame construction, and more modern in design than Structure 1. The use of a mansard roof punctuated by the clean vertical lines of the windows is characteristic of this recently popular townhouse style. Functionally, it is probably similar to Structure 1, but its visual effect is quite different.

Pictures 1 and 4 were selected most frequently as the preferred multi-family buildings. Structure 1 is of townhouse or row house design; each unit is two stories high, with a separate entrance. To maximize the feeling of individual dwellings, the facade treatments vary in color, type of materials, porch overhangs, and fenestration. This structure is most frequently preferred by respondents in the low and moderate income sample. They saw it as "clean," "uncluttered," "homey," "more separated," "a place for common people," and "fitting in their neighborhood".

Picture 4 was the second most frequent selection from among the multi-family options. It is a garden apartment building, with the appearance of a townhouse. It is an older building that has been skillfully and attractively remodeled and still blends with its neighborhood. The modified mansard roof, arches, and brick combine to make it appealing and comfortable looking. The people we interviewed said they liked the "brick" facade and that this structure gave them a "warm feeling"; some liked it because it "looked exclusive."

Structure 3 is the only example of a high-rise building used in the survey. It is 11 stories high, of buff brick, and has strong vertical accents that are especially apparent when it is lighted at night. The design is enhanced by the use of arches at the top and bottom of the building; these have almost become its trademark.[3] Because this is the only high-rise building in this part of Dayton, it contrasts conspiciously with its surroundings in spite of its overall attractiveness and its setting overlooking a small, tree-fringed lake. Few other apartment buildings in the Dayton area boast the same amenities; it has won awards for its quality as a senior citizens' housing development. Nevertheless, the sample was almost uniformly opposed to this structure. All of their comments centered on the density implied by such a building. One respondent said that she "doesn't like high places because there's no air there." Quite a few indicated they "did not want so many people over them". Several complained that "it's hard to get acquainted in such a structure." Many of the negative feelings were expressed in comparisons with hotels and office buildings.

## E. REACTIONS TO CHOICE BETWEEN NEW HOME AT PRESENT LOCATION OR IN THE SUBURBS

Each interviewee in the sample of low and moderate income households was asked the following question:

> "If you had the following two choices, which would you pick? Why?
>
> A new home in this immediate area?
>
> or
>
> A new home outside the city somewhere in the suburbs?"

Of the total sample, 51% preferred a new home in their own neighborhood - and 44% a new home in the suburbs; 5% were indifferent as to location as long as they received a new home. White respondents were far more receptive to living in the suburbs than were black households, who tended to prefer their present central city neighborhoods (see Table 3 ).

TABLE 3

PREFERENCES FOR NEW HOUSE LOCATION
(percent)

| | White Households | Black Households |
|---|---|---|
| Prefer Own Neighborhood | 43% | 61% |
| Prefer Suburb | 53 | 34 |
| Indifferent to Location | 4 | 5 |
| Total | 100% | 100% |

For those households preferring to remain where they are, the black households appeared to be most concerned with maintaining their present neighbors, while more white households indicated satisfaction and fondness for their present home.

Generally speaking, the white households in the sample showed a stronger desire to live away from the central city than did the black who seem to be more adapted to an urban way of life. This generalization can be drawn from the following typical comments: A black female respondent, "The reason I don't prefer the suburbs is because things are closer here - the schools and the things children go to. Transportation is easier." Another, "Suburban location too far out for working parents - would knock them out of good privileges - counties doesn't provide parks with supervisors - they would feel inferior and they couldn't keep yards like ones there." A third "didn't know what it's like to live in the suburbs. Always lived here - never wanted to move, enjoy neighborhood."

That a large percentage of black households prefer their present location cannot be interpreted solely as a fear of the unfamiliar, though this certainly plays a part for all groups. For the black community, their neighbors not only provide them primary means of socializing but also a sense of security through mutual aid. A neighbor can be counted on to lend a cup of sugar, a dollar till payday, or babysitting services in the expectations such favors will be returned. For many poor blacks, this is their primary source of capital.

Just as there is more than one reason why persons prefer to remain where they are, there is also a variety of reasons - both realistic and unrealistic - why particular households chose a suburban location. Some seek the nirvana of complete privacy, not realizing the proximity to neighbors common in most suburban areas. One young man said, "I feel like houses in general are too close together. Neighbors often object to dogs and my car business." This respondent's front yard contains several old automobiles and automobile parts which he uses to make repairs, furnishing him with an important source of added revenue. He also commented, "Most people around here are in different age brackets which also makes it difficult."

Several respondents preferring a suburban location equated the suburban option with ruralness. These households indicated their desire to "raise chickens" and do a little farming, particularly for home-consumed products. Some of these households were from Appalachia and missed the farmland and privacy they had previously enjoyed.

Other attributes associated with the suburbs in the minds of some of the low and moderate income households are the trees, the cleaner air, cooler climate, larger yards, and overall beauty. Still others conceive it as an area of quiet and increased safety. A few perceive the suburbs as providing an avenue of upward mobility for themselves and their children. However, many are frightened that the niceties will cost them too much in terms of maintenance, and afraid also of the problems of "keeping up with the Joneses."

These general findings suggest why those low and moderate income individuals feel as they do, but they most definitely should not be read to suggest that these households are uniform in their preferences and attitudes. However, we found somewhat greater uniformity of attitudes when the responses were grouped and analyzed according to the various subgroups in the total sample. This suggests that the low and moderate income residents who share demographic characteristics also tend to have similar attitudes.

The low and moderate income sample was statistically grouped into eight categories. The categories and the number and percentage of sample respondents falling into each are listed in Table 4.

TABLE 4

SAMPLE SUBGROUPS

| Low/Moderate Income Households | No. | % |
|---|---|---|
| Low Income White-No Husband | 15 | 7 |
| Low Income White-Husband | 38 | 18 |
| Low Income Black-No Husband | 15 | 7 |
| Low Income Black-Husband | 19 | 9 |
| Moderate Income White-No Husband | 3 | 1 |
| Moderate Income White-Husband | 60 | 28 |
| Moderate Income Black-No Husband | 6 | 3 |
| Moderate Income Black-Husband | 58 | 27 |
| Total | 214 | 100% |

All subsequent tables which summarize the attitudes of the low and moderate income households are based on the assumption that each subgroup makes up 100% of the sample. In other words, the statistical program separately calculates the responses of each of the subgroups.

An analysis of the responses of eight subgroups from within the low and moderate income sample, excluding the four elderly and physically handicapped groups, shows that the majority of the following three groups prefer new dwelling units in the immediate neighborhood to new units in the suburbs:

Low Income Black with Husband
Moderate Income Black with Husband
Low Income White with Husband

The moderate income black group with no husbands was equally divided on the choice of new housing in their present location versus living in the suburbs. A majority of the other households with no husband said they would prefer a new house in the suburbs. However, while almost all of the white low income respondents with no husband, and a substantial proportion of the moderate income white husbandless respondents preferred the suburbs, only a slight majority of the low income blacks with no husbands shared this preference. The preference for the suburbs shown by three out of the four husbandless groups may reflect their desire to live in an environment that is less hostile to such households, and their belief that the suburbs they have not seen would offer them such respite.

Of households with husband, the only subgroup with a majority preferring the suburbs is that with moderate income - and the majority is slight.

## F. REACTION TO THE CHOICE OF NEIGHBORHOOD ECONOMIC INTEGRATION AND THE USE OF SHARED OR SEGREGATED COMMUNITY FACILITIES

The interviewers posed the following options to each respondent in the same of low and moderate income central Dayton residents - to be answered regardless of the interviewee's opinion as to the merits of such locations for new housing:

> Option A - Living in new low and moderate housing units which are not clustered, but scattered among the existing suburban residential neighborhoods. In this situation most of your neighbors would have higher incomes.
>
> Option B - Living in a separate neighborhood made up of new housing units for low and moderate income families. The immediate neighborhood would be composed of families with roughly the same incomes. However, the neighborhood residents would use the same community facilities, including schools, used by all other neighborhoods in the city or township.
>
> Option C - Living in a separate neighborhood made up of new housing units for low and moderate income families. The immediate neighborhood would be composed of families with roughly the same incomes, and the neighborhood residents would have their own community facilities, including schools.

The response to the options posed in this question demonstrate that if housing opportunity is to be provided to the region's low and moderate income households then these households must be given alternate locational and neighborhood choices. We analyzed the preferences of the total sample and also looked at the responses of various low/moderate income sub-categories.

Fifty-six percent of all low and moderate income respondents indicated a preference for living in a separate neighborhood with families of roughly the same income groups but sharing in the institutions and community facilities of adjoining higher income neighborhoods. Sixty-four percent of all black households and 48% of all white households in the sample gave this response.

We also tabulated responses to these options based on the responses given to the previously discussed choice of locations for a new home in suburbia or near their present location. Table 5 presents the results. They do not differ dramatically from the results of the total sample. However, more of those households favoring a new home in the immediate area preferred a separate neighborhood with shared institutions than did those who chose a suburban home, while one-fifth of the latter chose a completely socially-separated suburban living environment.

TABLE 5

BREAKDOWN OF RESPONSES TO ECONOMIC INTEGRATION AND SHARING OF FACILITIES AS PER RESPONSES TO LOCATIONAL PREFERENCES (percent)

| Preferred New Home Location in | Option A Scatteration | Option B Separate Neighborhood, Shared Institutions | Option C Separate Neighborhood with Own Institutions | No Preference | Total |
|---|---|---|---|---|---|
| Immediate Area | 24 | 60 | 7 | 9 | 100% |
| Suburbs | 27 | 51 | 20 | 2 | 100% |

Most of the respondents in each low and moderate income household subgroup that we analyzed separately did prefer the separate neighborhood with shared institutions. However, as shown in Table 6, there were significant differences in the cluster of preferences between the various types of low and moderate income households.

TABLE 6

CHOICE OF LIVING IN ECONOMICALLY INTEGRATED OR SEGREGATED NEIGHBORHOODS USING SHARED OR SEPARATE COMMUNITY INSTITUTIONS (percent)

| Subgroup of Low and Moderate Income Interviewees | Prefer Option A Scatter-ation | Prefer Option B Separate Neighborhood Shared Inst. | Prefer Option C Separate Neighborhood Own Inst. | Total |
|---|---|---|---|---|
| Low Income White-No Husband | 29 | 50 | 21 | 100% |
| Low Income White-Husband | 24 | 61 | 15 | 100% |
| Low Income Black-No Husband | 21 | 64 | 15 | 100% |
| Low Income Black-Husband | 21 | 74 | 5 | 100% |
| Moderate Income White-No Husband | 33 | 67 | 0 | 100% |
| Moderate Income White-Husband | 36 | 48 | 16 | 100% |
| Moderate Income Black-No Husband | 0 | 67 | 33 | 100% |
| Moderate Income Black-Husband | 26 | 63 | 11 | 100% |
| Total Sample | 26 | 56 | 13 | 95% * |

*5% of the total sample were indifferent as to location.

Sixty-three percent of those who responded and were black with moderate incomes and living in households with husbands preferred economically homogeneous neighborhoods with shared institutions. This was also the preference of 67% of both the moderate income blacks and whites with no husbands, and 74% of the low income blacks with husbands; with only one subgroup - moderate income whites with husband - was there less than a majority of respondents preferring this option. On an income basis, it appears that respondents from households earning between $3,400 and $7,800 per year were most likely to select this option.

In contrast, the option of living with higher income households was most likely to appeal to those sampled households with incomes exceeding $7,800 per year. When we consider those who would not answer or were indifferent to this option as a separate group, 26% of the respondents preferred to live in scattered low and moderate income housing units located in higher income neighborhoods. Slightly more whites (28%) than blacks (22%) selected this option. The fact that those who preferred this option were most likely to be drawn from the upper end of the moderate income spectrum suggested that those who most wanted to live with higher income households also were the most likely to be upwardly mobile.

An elderly white woman who selected this option said it was "a great idea for people who want to get out - better when older - area here driving me crazy, cars noise and children." A middle-aged black proponent said, "I'm for it, there are a lot of black people who need them and it's hard for them to find nice houses for a low price." Many of those respondents rejecting Option A agreed with the woman who was concerned that she "couldn't compete with them - couldn't afford to keep up property."

The smallest percent (13%) preferred to live in neighborhoods with persons of roughly equivalent incomes and to maintain their own institutions and facilities including schools; 14% of the white and 11% of the black households selected this option. This alternative tended to appeal to the lowest (less than $3,400 per year) and highest (more than $8,000 per year) income households. Many of the households preferring this third option made it clear that they were interested in class, not racial homogeneity. One respondent stated that it "was better for people because classes don't necessarily like living together. Not races but people of different standards." Another woman put it this way, "I think it would be a good idea tofind a new section to build a new community. Prefer to see it integrated, racially, which would keep balance in schools; since were are here together we might as well learn to live together. Do not prefer income integration because people tend to try to keep up with Joneses when they can't afford it."

Approximately 69% of the low and moderate income Dayton residents we interviewed selected one of the two options of living in a separate neighborhood made up of new housing units for low and moderate income families. About 5% did not select one of the options and about 26% wanted to live with higher income households. Our findings suggest that the majority of Dayton's low and moderate income residents would expect economically dissimilar neighbors to have the problems that Herbert Gans discovered when he studied Levittown: "Income similarity is valued by the less affluent, not as an end in itself, but because people who must watch every penny cannot long be comfortable with more affluent neighbors, particularly when children come home demanding a toy or clothes they have seen next door."[4]

However, while the majority valued neighborhood income similarity, and a minority sought higher income neighbors, all desired high-quality housing and community facilities.

## G. REACTION TO RACIAL INTEGRATION

Fifty-seven percent of the total sample stated a preference to live in a racially integrated environment. Forty percent preferred to live among members of their own race exclusively. The remaining 3% were indifferent on the question. However, black households were far more willing to live with those of other races (81%) than were white households (40%).

The disparity in attitudes toward racial integration that is exhibited by white and black, low and moderate income Dayton residents is not unexpected. It is probably true that white attitudes are changing in the direction of accepting racial integration, while some young blacks are becoming more inclined toward racial separatism. But the attitudes we found still reflect the general prevalence of racism which is explained by Joshua A. Fishman, as follows: "On the whole, however, Negroes remain much more positive toward themselves, their neighbors, and the entire community regardless of all the vicissitudes of interracial living. After all is said and done an interracial suburban neighborhood is a step up for most Negroes. Any white who is appreciably concerned for his status in the larger white world (of family, friends, employees, etc., who do not live in interracial communities) may conclude that for him such a community is a step down."[5]

Table 7 presents the responses of the statistically relevant subgroups in the sample. As expected from a consideration of the general results, a majority of all the black subgroups prefer integration but only two white subgroups contain a majority of respondents favoring integration. Both of these groups are white households without husbands who may think that an integrated environment would be a more tolerant one for them to live in.

TABLE 7

ATTITUDES TOWARD RACIAL INTEGRATION
(percent)

| Subgroups of Low and Moderate Income Interviewees | Prefer Segregation | Prefer Integration | Total |
|---|---|---|---|
| Low Income White-No Husband | 33 | 67 | 100% |
| Low Income White-Husband | 64 | 36 | 100% |
| Low Income Black-No Husband | 33 | 67 | 100% |
| Low Income Black-Husband | 32 | 68 | 100% |
| Moderate Income White-No Husband | 33 | 67 | 100% |
| Moderate Income White-Husband | 67 | 33 | 100% |
| Moderate Income Black-No Husband | 0 | 100 | 100% |
| Moderate Income Black-Husband | 12 | 88 | 100% |

## III. THE ATTITUDES OF SUBURBAN RESIDENTS TO HOUSING LOW AND MODERATE INCOME HOUSEHOLDS

"I didn't think I was prejudiced, but you know I think I am. Isn't that terrible?"[1]

### A. WHY STUDY THE ATTITUDES OF THE SUBURBANITES?

The answer is: Because they are there and nobody wants them to leave. There are two aspects to this answer. First, the negative aspect: those who are in the suburbs frequently have the economic and political power to prevent construction of new houses for low and moderate income households. Their economic power is used in the marketplace to bid up the price of land.

The most obvious manifestation of their political power is zoning. As Richard F. Babcock, the noted legal authority on zoning, said in his book, The Zoning Game, "Zoning has provided the device for protecting the homogeneous single-family suburb from the city."[2] The suburban residents also have more subtle methods at their disposal for resisting or not providing necessary cooperation to programs that would subsidize the construction of new homes for low and moderate income families.

Secondly, the suburban residents have the option of moving from their neighborhood or community if they are sufficiently disturbed by what they perceive to be the negative impact of housing such people. Such a motivation spurred many of them or their parents to move to the suburbs in the first place. Like most American cities, turn-of-the-century Dayton, Ohio, consisted of many small, rather dense, homogeneous neighborhoods forced together by proximity and the sharing of some institutions, and geographically constrained by the availability of public transit and the location of work places. The automobile, the highway, and the movement of work places from the central city have permitted the majority of those who could afford new houses to leave that city and move to the suburbs.

Certainly the physical amenities that were offered by the new houses built on the more rural and initially relatively inexpensive land of the suburbs did attract many of those who could afford to pay the developer's price. However, some of those who moved were also partly motivated by a desire to leave older neighborhoods that were beginning to provide homes for people whose socio-economic and racial characteristics differed from theirs. As the older residents moved out, the frequently discussed pattern of "neighborhood change" began. This urban evolution caused the old neighborhoods to become homogeneous again, and the community we call the central city wound up containing a less affluent group of residents to support and use its public and private facilities and services. On a national level, the results were demonstrated by the 1970 census: It reported the median income of families and unrelated individuals living in the central cities of metropolitan areas with more than one million inhabitants as $7,427, while the median income of those living outside the central city was $10,531. The Miami Valley Region offers no exception to this national situation.

Therefore, the Miami Valley Regional Planning Commission and the Dayton Metropolitan Housing Authority want to be extremely careful that they do not select and implement programs that deliver new housing for low and moderate income programs and also bring this classic process of neighborhood change to the suburbs. They cannot attain their goal unless the attitudes of the suburbanites are properly discerned and considered as one step in the selection and evaluation of alternative low and moderate income housing programs.

## B. INFORMATION SOUGHT FROM THE SUBURBAN RESIDENTS

The suburban resident has chosen his present location because it offers him the highest housing value that he feels he wants to pay for. This housing value includes more than physical shelter, space, and comfort. It also includes a host of social, environmental, and public services that are attached to the suburban location he has chosen to live in.

In our research, we sought to understand the reasons behind this choice of a neighborhood and community. We asked direct questions about the kind of housing patterns the suburbanites would like to see for low and moderate income families. Our survey also emphasized finding out how the suburbanite felt his neighborhood would be affected by the various type of households and houses that the successful implementation of the programs this study is to evaluate might bring to the neighborhood or community.

The survey also probed for the reasons behind the feelings of the suburbanite - What did the suburbanite associate with the provision of low and moderate income housing that he felt would harm his neighborhood? Finally, we posed programs that contained facilitating provisions aimed at alleviating these objections, while also providing low and moderate income housing. Thus, the suburbanite was asked to reevaluate his initial objections, given the availability of a comprehensive program aimed at eliminating some of the objections frequently raised by his group.

An approximately 35-minute interview was administered to 288 respondents at their place of residence. The survey coincided with the MVRPC's release of its study, A Housing Plan for the

Miami Valley Region. This study allocated a percent of low/moderate income households to each of 53 planning units or subareas of the region.[4] This report attracted a great deal of regionwide publicity. Many respondents referred to the proposed housing allocations during their interview. We believe that this study highlighted the possibility that some low/moderate income households would be placed in their community and that this knowledge tended to promote honest reactions to the prospect. A copy of the questionnaire used to guide the interviews is attached (see Appendix B.

## C. THE SAMPLE

Despite the many cliches to the contrary, there is no such thing as a "typical suburb." There are, in fact, numerous typical suburbs. To understand the make-up of a specific suburb, at a minimum, class and mobility factors must be taken into consideration. For example, suburbs may be classified as either terminal or nonterminal. The inhabitants of the former generally view their home as their last house, while residents of nonterminal suburbs anticipate moving as they have job promotions. Either type of suburb may be inhabited by primarily upper middle-class professional/administrative/managerial households, middle-class white collar families, or lower middle-class blue collar or working class families. The working class household, however, is most often found in a terminal suburb since its upward mobility is often occupationally constrained.

Four Miami Valley suburban communities were chosen for the survey because each appeared to be a distinct regional prototype. The first developed its character as a small city surrounded by farmland, outside the main metropolitan county. It has a number of apartment units as well as single-family homes. It has the lowest median family income of all four areas as well as the lowest median house value. This community has a substantial black population and is also the location of a recently completed federally assisted housing project.

Area 2, though within the county, is geographically further from the center city than the other two. It is a fairly prosperous and rapidly growing community, virtually all white, and desirous of maintaining a suburban, low-density residential environment. Its population consists primarily of middle and working class households.

Area 3, a growing suburb with a number of apartment complexes as well as single-family homes, is the richest of the surveyed communities. It is an all-white area with the highest family income and house value of the four areas, as well as the highest percent of sound housing units. A visual inspection of the houses and yards of the community identifies Area 3 as an upper middle-income suburb. Despite resistance, particularly in Area 2, both Areas 2 and 3 are attracting an increasing number of multi-family residences.

Area 4 is a black suburban area. It is virtually all single-family and attracts the more well-to-do black families who can afford to move from the center city. It is directly adjacent to the larger city but still provides an essentially suburban living environment. A more complete description of sampling methodology can be found in Appendix C.

The original sample design was to include half single, half multi-family households. The obtained proportion was 59% single families and 41% apartment dwellers. Apartment households were more difficult to interview because they generally spend less time in their residences - tending not to be in the child-rearing stage of life - and generally were less motivated to participate. Thus, interviews were conducted on the weekends and until 8 p.m.; in addition, telephone appointments were made whenever possible with the most hard-to-reach residents.

More significant and difficult to overcome was the problem of motivating the upper income (over $25,000) apartment dwellers to grant interviews. Many of these residents were indifferent to the prospect of placing low income households in the suburbs. Like the private home dwellers of equivalent income, they felt their privacy adequately protected by the building and management and, in the main, they were correct. As one apartment building manager put it when he refused permission to interview his tenants, "We don't even let the Girl Scouts in to sell cookies." Then, too, these residents were willing to move if the management ceased to provide a satisfactory level of privacy and safety.

The initial sample design specified three major income categories: $10,000-15,000, $16,000-24,000 and $25,000 and over. Households below $10,000 were omitted because they could technically be defined as moderate income families according to the categorization used to select our low/moderate income sample. House value or apartment rent was used as a substitute for household income. The obtained sample reflected the imperfect correlation between housing cost and income. Thus, 15% of the surveyed households had incomes of less than $10,000, 24% between $10,000-15,000, 28% between $15,000-25,000 and 21% above $25,000; 12% did not answer the question.

One-third of all the suburban households surveyed contained two or more adult wage earners. Two-thirds of the second wage earners worked full time, and one-third part time. Fifty-five percent of the heads of all households surveyed were employed in managerial, administrative, professional, or technical occupations. Ten percent worked in white collar jobs or sales; 9% were blue collar or service workers; 6% were self-employed; 2% served in the military; and 9% were retired. The remaining 3% were accounted for by student household heads, families with no head of household, and those who refused to answer the question.

The majority of the sample head of households were college-educated persons under the age of 45. Fifty-seven percent of all family heads were over 30 and 14% were over 61. Twenty-four percent of all household heads were not high school graduates. Nineteen percent attended one to three years of college or a technical, vocational, or business school; 28% were college graduates, and an equal percentage had received post-graduate training.

We also asked the head of household's voting status. Thirty-nine percent were registered Republicans, 19% registered Democrats, and 11% registered Independents. Twenty-two percent were not registered; 1% were not U.S. citizens; and the remaining 6% refused to answer.

## D. WHAT DO THEY LIKE ABOUT THEIR SUBURBS?

The majority of those surveyed had lived at their present address one to five years. Only 2% expected to move within the coming year, and half of these intended to remain in the Miami Valley Region.

Each respondent was asked to specify the major factors influencing selection of his or her present home. The question was open-ended but subsequently categorized into accessibility, social, and factors directly associated with house or apartment. Thirty-four percent cited proximity to work, friends, schools, or other institutions; 32% mentioned factors associated with the social make-up of the neighborhood. Familiarity with the neighborhood, the prestige or exclusiveness of the area, and the type of people living at the location were the most frequently specified social "locational" factors. The remaining 24% identified features of the house~~/apartment~~ as being highly influential in their housing choice. Sixteen percent of the total sample stated that the school system was what drew them to their present location. Some respondents indicated that all these factors were important.

## E. SOME OBSERVATIONS ON SOCIAL FACTORS AND 'SOCIAL CLASS'

The importance placed by the suburbanite on social factors as reasons behind the selection and continued satisfaction with a suburban location will not surprise those familiar with the research that has been done in other suburbs. They would recognize also that the suburbanite's desire for similar social environments and his attitude toward his home and neighborhood cannot be understood without recognizing the existence and importance of the social class concept.

Since the United States has never known a feudal period or a landed aristocracy we have not been sympathetic to the concept of class. However, out of familiar everyday American conversations comes out the recognition of class differences. In his book, Class in Suburbia, Dobriner points out this historic American paradox: "Thus, while they do not consciously think in terms of class, do they nevertheless act as if class relations were a central and significant part of their lives."[5]

This conflict between thought and deed is particularly prevalent with the middle class. In fact, the concept that "class is of no consequence" is an indication of membership in the middle class. The upper and lower class belief systems are much more sympathetic to the class concept. Professor John Seeley points out that the concept of classlessness is not only inherent in middle-class life, but also tends to perpetuate itself in the selection of intimate relationships including marriage partners. He continues:

> "But people who think along these lines are predominantly middle class people and the contrary views (on different ground) of the lower and upper classes tend to render their possessors repugnant or less attractive as possible partners for intimacy or marriage. The very belief, therefore, that 'class is of no consequence' (which is on one side a middle-class view exclusively) becomes a token of compatibility and a basis for intimacy and insofar as it determines friendship, membership in a clique, and marriage, a potent factor in the maintenance of the class boundaries which 'do not exist,' 'do not matter,' or 'ought not to be considered.'"[6]

When one recognizes that the failure to accept the existence of class status differences even influences the middle-class marriage decisions, it is not difficult to see why the importance of this social factor in the suburbs is often obscured. Nevertheless, while the physical features of a house or apartment are important to the residents, they are buying much more than the shelter and physical comfort it provides. Professor Seeley discussed the relationship between social or class status and the physical dwelling unit in his book, which described the lives and motivations of upper middle-class terminal suburbanites.

> "Property is an essential component of status in Crestwood Heights. The Crestwooder who owns an adequate house has become a substantial member of the community and, as such, is respected and admired by his peers. The house and its furnishings, the

> street and the street number; the location in Crestwood - all are acquired items which make up the total property complex of the house.
>
> "It is on these items, and other similar ones, that the competitive struggle of the Crestwooder for power focuses. These are the symbols around which he must center his efforts to realize the 'good life' and organize the strivings which lend a meaning to his existence. Property does not, then, acquire its value directly from its intrinsic monetary worth, or from narrow utilitarian considerations, but from the public evaluations of things as they evolve in the markets of exchange and in the rialto of status. It is the attributes imputed to broadloom, or a particular style of architecture, or the work of a fashionable artist, or a street and a number, which gives them an edge as weapons wielded in the battle for social position. Utility is secondary to social acceptability."[7]

Clearly, then, a house is far more than shelter. Its location in terms of its social milieu often outweighs the importance of its size or quality. To the outside world and, more important, to the hidden psyche of the owner, his house serves as the material definition of his status. Furthermore, it helps define the future position of his children since such status is transferable, particularly in its ability to provide proximate socially acceptable associates, friends, and potential marital partners. However, in this study we found the social and physical aspects of housing satisfaction to be tightly linked. A well maintained house and yard were valued for themselves and as signs of the neighborhood's social status. This conclusion was also suggested by a recently completed University of Michigan Institute for Social Research study of people's responses to residential environments which differ in the extent to which they are planned. It states: "Whether a neighborhood is 'well kept up' is the best single prediction of neighborhood satisfaction. The compatibility of neighborhood residents is the next most important factor."[8]

## F. REACTIONS TO ALTERNATIVE HOUSING STRUCTURES

Each of the suburbanites we interviewed was shown the same eight photographs of housing structures that were shown to the low and moderate income central city residents sampled (see Chapter II). However, the suburbanites were asked a series of questions aimed at finding out how they would respond to these structures if others lived in them, rather than determining which they preferred for themselves.

First, each suburban respondent was shown the eight photographs, one at a time, and asked to assume it would be inhabited by the type of people currently living in his neighborhood. The sample suburbanites were asked to specify how they believed each structure would (1) affect their neighborhood and (2) affect their community. They were asked to record their attitudes by selecting from a response on a five-point scale, with 1 being the most beneficial, 5 the most harmful, and 3 indicating a neutral response. Had time permitted, we would have tried more carefully to control for landscaping, the angle of the shot, and other factors which may to a greater or lesser extent affect the viewer.

Many suburban respondents thought Structure 1 cheap and motel-like. Conversely, the low and moderate income sample selected this structure as their most preferred multi-family unit and enjoyed its uncluttered lines; they believed they would feel at home and comfortable in such a dwelling. Structure 2 did not elicit extreme reactions from either sample: it was neither liked nor disliked to any great degree.

Structure 3 was the only presentation of a high rise. This 11-story building triggered almost uniformly hostile feelings among the low/moderate income sample. While many suburbanites also rejected the construction of any high-rise structure in their neighborhood, a small minority thought it to be quite attractive and a welcome addition if located elsewhere in their community.

The suburban sample was attracted to what they viewed as Structure 4s warm tones and its Spanish design and felt, for the most part, that it would fit in well with their community. The low/moderate income sample selected Structure 4 to be their second most preferred multi-family unit.

Structure 6, the brick and frame building, was selected by both the low/moderate income and suburban respondents as their second choice of single-family house. Because similar structures are found throughout the region, this could not be singled out as a residence of subsidized households. On the other hand, Structure 5 was perceived by both samples as quite ordinary.

Structure 7 is a modern wood frame residence - the only modern option in this survey. As previously noted, the picture does not show the complete structure, which may account for some of the negative reaction to it. The suburban sample was polarized in its opinion of the house: some respondents were attracted and others repelled. The low/moderate income households thoroughly disliked the picture.

Structure 8, a brick house with white shutters and trim, was the overall favorite of the majority of all respondents. The Miami Valley suburb contains numerous versions of this structure which has traditional appeal in the Midwest.

Since the suburbanites were asked to specify how they felt about each building by selecting from a five-point scale, it was possible to give each of the structures a score based on their responses. Table 8 presents these scores for the eight buildings under the two locational situations that we posed.

TABLE 8

SUBURBAN REACTIONS TO HOUSING STRUCTURES

| | | | Average Score | |
|---|---|---|---|---|
| Apartment 1 | Neighborhood | = | 3.76 | (negative) |
| | Community | = | 3.17 | (neutral) |
| Apartment 2 | Neighborhood | = | 3.57 | (negative) |
| | Community | = | 2.96 | (neutral) |
| Apartment 3 | Neighborhood | = | 3.90 | (negative) |
| | Community | = | 3.28 | (neutral) |
| Apartment 4 | Neighborhood | = | 3.32 | (neutral) |
| | Community | = | 2.87 | (neutral) |
| House 5 | Neighborhood | = | 3.71 | (negative) |
| | Community | = | 2.55 | (neutral) |
| House 6 | Neighborhood | = | 3.33 | (neutral) |
| | Community | = | 2.90 | (neutral) |
| House 7 | Neighborhood | = | 3.64 | (negative) |
| | Community | = | 3.22 | (neutral) |
| House 8 | Neighborhood | = | 3.16 | (neutral) |
| | Community | = | 2.78 | (neutral) |

Average Score Definitions:

1.00-2.49 = positive
2.50-3.50 = neutral
3.51-5.00 = negative

Structures 4, 6, and 8 are perceived to have a potentially neutral impact upon their neighborhood, while 1, 3, 5 and 7 are felt to be harmful. All eight structures are believed to have a neutral impact if located elsewhere in the community.

Each respondent was also asked to pick the structures he or she would least like to see located in their neighborhood or community. Table 9 gives the results obtained after asking this question. Houses 5 and 7 and Apartments 3 and 1 were most frequently cited as the most disliked. However, the respondents were always less vehement about their dislikes when asked about the buildings being located in the community, but not in their neighborhood.

### TABLE 9

### LEAST LIKED STRUCTURES

| Picture No. | % Dislike |
|---|---|
| 5 | 23 |
| 3 | 21 |
| 1 | 19 |
| 7 | 15 |
| 2 | 9 |
| 4 | 5 |
| 6 | 4 |
| 8 | 3 |

Each respondent was then asked why he or she thought the three most disliked structures would be harmful to the neighborhood or community. Table 10 summarizes the respondents' reactions to this question. More than half felt the fact that "the structure wouldn't fit in well with this area" to be a "very important" reason. Other primary factors are the structure's personal unattractiveness to them and the fear that such structures would have an adverse effect on property values. Reasons associated with apartment buildings were in the main considered to be less important. Factors written in as "other" are always considered to be very important to the respondents; otherwise they would not have been introduced. Fifteen respondents specified that their neighborhood needs better buildings. However, this is simply a stronger restatement of the opinion that the structure would not fit in well with the area. A few respondents were opposed to apartments on the grounds that they encouraged too high a density and traffic problems. Only two respondents openly stated opposition to the structures on the grounds that they would attract the wrong kind of element to their area. However, when one considers these responses in conjunction with expressed attitudes toward individuals of lower economic status, one is led to suggest that this was an implicit motivation underlying some of the other responses.

TABLE 10

REASONS GIVEN FOR FEELING THAT STRUCTURES WOULD HARM THE NEIGHBORHOOD OR COMMUNITY
(percent)

| | Very Important | Important | Un-important | No Answer |
|---|---|---|---|---|
| The structure is unattractive to me. | 43 | 45 | 10 | 2 |
| The structure wouldn't fit in well with this area. | 52 | 39 | 7 | 2 |
| Property values would decline if such structures were to be built here. | 43 | 38 | 17 | 2 |
| Apartment units will lower the status of the neighborhood. | 27 | 34 | 35 | 3 |
| Apartment buildings overtax such community services as water, sewage, police or fire. | 23 | 31 | 41 | 4 |
| Apartment buildings overtax the community school system. | 31 | 27 | 39 | 3 |
| Other (specify) | | | | |
| Neighborhood needs better buildings. | 15 | | | |
| Structures are too small. | 3 | | | |
| Structures won't be maintained. | 3 | | | |
| Apartments promote too high a density. | 2 | | | |
| Apartments promote traffic problems. | 2 | | | |
| Structures attract wrong element. | 2 | | | |

## G. SUBURBAN RESPONSES TO THE PROSPECT OF LOW AND MODERATE INCOME HOUSEHOLDS MOVING INTO THEIR NEIGHBORHOOD OR COMMUNITY

The interviewers made the following statement to each of the suburbanites in the sample:

> Although there is a tendency to lump all low and moderate housing assistance programs together, in actuality both the type of structures and type of households residing in that structure frequently differ. In addition to the above complexities, you may feel that a certain percent of each of these groups is a positive factor while another percentage would exert either a neutral or negative influence on your neighborhood or community. We would like to have your reactions to the provision of housing of the following percent levels and for the following household types, if this housing were to be constructed somewhere within your neighborhood.

The following choices were then posed for each of 12 low and moderate income household types postulated as being introduced into the neighborhood population at a 5%, 10%, and 20% level:

1 - Greatly improve neighborhood
2 - Improve neighborhood
3 - Neighborhood would remain the same
4 - Harm neighborhood somewhat
5 - Harm neighborhood greatly

This system permitted us to use the survey results and calculate average or mean scores for each of the low and moderate income household groups at each of three levels of introduction as a part of the neighborhood (Table 11). As these averages approach 1, the perceived impact of the low and moderate income group upon the suburbanites who perceive them as potential neighbors is strongly positive. Conversely, a score near 5 would indicate that the low and moderate income group is generally considered to have a very harmful effect upon the suburban neighborhood. The following is a guide for evaluating these average scores:

| Mean Scores | Nature of Response to Low and Moderate Groups |
|---|---|
| 1.00-2.49 | Positive |
| 2.50-3.50 | Neutral |
| 3.51-5.00 | Negative |

## TABLE 11

## SUBURBAN REACTIONS TO LOW/MODERATE INCOME GROUPS

| | Proportion of Total Population | | |
|---|---|---|---|
| | 5% | 10% | 20% |
| Make-up of Population New Residents | Average Score | Average Score | Average Score |
| Low Income White Elderly | 3.23<br>= | 3.57<br>- | 3.94<br>- |
| Low Income Black Elderly | 3.55<br>- | 3.88<br>- | 4.20<br>- |
| Low Income White Physically Handicapped | 3.33<br>= | 3.59<br>- | 3.90<br>- |
| Low Income Black Physically Handicapped | 3.57<br>- | 3.86<br>- | 4.15<br>- |
| Low Income White Family-Husband | 3.46<br>= | 3.77<br>- | 3.98<br>- |
| Low Income White Family-No Husband | 3.64<br>- | 3.98<br>- | 4.29<br>- |
| Low Income Black Family-Husband | 3.67<br>- | 3.64<br>- | 4.30<br>- |
| Low Income Black Family-No Husband | 3.91<br>- | 4.16<br>- | 4.38<br>- |
| Moderate Income White Family-Husband | 3.07<br>= | 3.19<br>= | 3.37<br>= |
| Moderate Income White Family-No Husband | 3.19<br>= | 3.32<br>= | 3.64<br>- |
| Moderate Income Black Family-Husband | 3.31<br>= | 3.51<br>- | 3.75<br>- |
| Moderate Income Black Family-No Husband | 3.53<br>- | 3.77<br>- | 4.01<br>- |

**Average Score Definitions:**

1.00-2.49 = positive
2.50-3.50 = neutral
3.51-5.00 = negative

When the new group was postulated as making up 20% of the neighborhood's population, all but the moderate income white households with husbands were regarded as being very harmful to the neighborhood. When the new group was only to make up 10% of the neighborhood, the group of moderate income white households with no husbands falls out of the negative into the neutral response category.

When it was postulated that the low and moderate income groups would constitute only 5% of the neighborhood population, the following groups were also considered to have a neutral effect:

Low income white households with husbands
Moderate income black households with husbands
Moderate income black households with no husbands

The low income white family without a husband and all low income black families were believed to be potentially harmful even if they were to constitute only 5% of the neighborhood's resident population.

In addition to calculating the results obtained from the total sample of suburbanites, we also broke out the responses received in each of the four areas and calculated separate average scores derived from each. These averages did not differ significantly from each other except in one case: the moderate income black family with no husband is perceived as a neutral addition to neighborhoods in Areas 2 and 3 if they make up 5% of the population, while Areas 1 and 4 perceive them as negative even at this relatively low proportion.

The similarity of responses between the four areas was startling. Therefore, even though we had not originally planned to subdivide the suburbanite sample further, we did break it up into 12 subgroups to ascertain if attitudes toward low/moderate income households were highly dependent upon a set of mutually exclusive demographic factors which included income, age, the presence of children, and whether the respondent household lived in a single-family house or a multi-family dwelling. A complete description of these mutually exclusive categories can be found in Appendix D.[9]

We totaled the responses of each suburban household category to the eight most prevalent low and moderate income subgroups - that is, to low and moderate income households subdivided by race and whether or not there was a husband in the household. A separate score was calculated for each of the 12 suburban subgroups' responses to each of the eight low income groups postulated as making up 5%, 10%, and 20% of the neighborhood population. The scores emanating from each subgroup were calculated in the same manner as those that had been previously calculated for the sample as a whole and shown in Table 11. The statistical reliability of these scores is not as great as those shown previously and derived from the responses of the total sample, because of the small size of some subgroups.[10] Therefore, it is much more difficult to state firm conclusions, but some further generalizations and hypotheses seem to be indicated.

First, there are no really dramatic subgroup divergencies from the attitudes expressed by the suburbanite sample as a whole. None of the suburban subgroups gave responses indicating that they considered that any of the low and moderate income household groups would greatly benefit the neighborhood. Instead, all their average responses fell into either the neutral or negative response categories. Table 12 shows the pattern of neutral scores. Negative scores were calculated for all the cells left blank in Table 12. Out of the 288 responses of all suburban subgroups to all calculated low and moderate income subgroups, only the 97 indicated with an equal sign received an average score that we defined as neutral. The moderate income subgroups postulated as entering the neighborhoods received 79 of the 99 neutral response scores. Sixty-eight white low and moderate income groups postulated as living in the neighborhoods at differing rates received neutral response scores, while 31 black subgroups received neutral response scores. Households with husbands were more likely to be considered as not altering the neighborhood than were households without husbands, and lower proportions of the low and moderate income households in the neighborhood were almost universally more popular than higher levels.

Table 13 presents a similar picture. It is a compilation of the responses given to a question asked of all the suburban interviewees who had given three or more negative responses to the separately postulated low income groups under the assumption that they would make up only 5% of the neighborhood population. These interviewees were asked: Which four household types would you least like living in your neighborhood or community? Table 13 indicates the percent by which each of the low and moderate income groups was cited by the respondents.

Our survey brought into the open the previously discussed conflict between the middle class ideal that "everyone is equally acceptable" and the attitude that those who differ, particularly lower income blacks, may be harmful to the middle-class neighborhood. Some respondents were aware of the conflicting feelings; hence the title of this chapter. However, many were not aware of any inconsistency in attitude. For example, a man stated, "I don't care what kind of structure even if it's next door to me but I don't want people who give all-night parties or receive welfare checks." A young housewife commented, "It would be beneficial for my daughter to live with all kinds of people as long as they had the same ideals and were neat and clean."

## TABLE 12

### NEUTRAL SCORES OF SUBURBAN RESPONSES TO LOW AND MODERATE INCOME GROUPS (SCORE BETWEEN 2.50-3.50)*

| Suburban Subgroups | Household Income | Age of Head of Household | Low Income White Husband | | | Low Income White No Husband | | | Low Income Black Husband | | | Low Income Black No Husband | | | Moderate Income White-Husband | | | Moderate Income White-No Husband | | | Moderate Income Black-Husband | | | Moderate Income Black-No Husband | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | | % | | | % | | | % | | | % | | | % | | | % | | |
| | | | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 | 5 | 10 | 20 |
| Living in Single-Family Dwellings | $25,000+ | Over 45 | | | | | | | | | | | | | = | = | = | = | | | | | | | | |
| | $25,000+ | Under 45 | = | | | = | | | | | | | = | | = | = | | = | = | | = | = | | = | | |
| | $16,000-$24,000 | Over 45 | = | | | = | | | = | | | | | | = | = | | = | = | = | = | | | = | | |
| | $16,000-$24,000 | Under 45 | | | | | | | | | | | | | = | = | | = | | | = | | | | | |
| | $15,000 & Under | Over 45 | | | | = | | | | | | | | | = | = | = | = | | | = | = | | | | |
| | $15,000 & Under | Under 45 | = | | | = | | | = | | | | | | = | = | = | = | = | = | = | = | | = | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Living in Multi-Family Dwellings | $25,000+ | Over 45 | | | | | | | | | | | | | = | = | = | = | = | | = | | | | | |
| | $25,000+ | Under 45 | = | = | | = | | | = | | | = | | | = | = | = | = | = | = | = | = | = | = | = | = |
| | $16,000-$24,000 | Over 45 | | | | | | | | | | | | | = | = | | | | | = | | | | | |
| | $16,000-$24,000 | Under 45 | = | | | | | | | | | | | | = | = | = | = | = | | = | | | | | |
| | $15,000 & Under | Over 45 | = | = | | = | | | | | | | | | = | = | | = | | | = | | | = | | |
| | $15,000 & Under | Under 45 | = | | | | | | | | | | | | = | = | = | = | = | = | = | = | = | = | | |

*All blank cells reflect negative scores

TABLE 13

LEAST PREFERRED LOWER INCOME HOUSEHOLDS
(percent)

| Household Type | Households Listed Among the Four Least Liked Groups |
|---|---|
| Low Income Black-No Husband | 96% |
| Low Income Black-Husband | 69 |
| Low Income White-No Husband | 66 |
| Low Income White-Husband | 35 |
| Low Income Black Elderly | 31 |
| Moderate Income Black-No Husband | 30 |
| Low Income Black-Physically Handicapped | 25 |
| Low Income White-Physically Handicapped | 12 |
| Low Income White-Elderly | 9 |
| Moderate Income White-No Husband | 9 |
| Moderate Income Black-Husband | 8 |
| Moderate Income White-Husband | 2 |

Biases towards specific lower income subgroups were exposed by the survey, often instituting a personal reevaluation of beliefs and attitudes on the part of the respondent. For example, negative responses to the aged frequently provoked guilt feelings, illustrated by apologetic statements such as, "I really get along with my parents but..." Some claimed their opposition to the elderly and physically handicapped lay in the supposition that these groups would be unable to maintain their property. Others said that older persons are more difficult to get along with and that they are likely to be reactionary in terms of passing school bond issues, etc. All these vocalized reasons may be less important than our culture's general antipathy to the aged with the concomitant psychological factor that few Americans like being reminded of their own advancing years.

Families without fathers were the most harshly condemned. The disciplining of children and hence the prevention of delinquency were considered dependent upon having a man in the house. The value structure of the suburbanites was particularly threatened by the spectre of having women with illegitimate children living in their midst.

The Miami Valley suburbanites show a strong racial bias: In almost every instance the black household with husband was less acceptable than the white household without. The sole exception is that the "moderate income black household with husband" is slightly more acceptable than the "lower income white household with husband."

Table 14 lists the number of the 99 neutral responses that we accounted for by regrouping the respondents on the basis of age, income, and type of residence. Suburban subgroups differed in their reactions to the low and moderate income household groups. If we break the suburbanite sample into two age categories we find that the young tend to be less fearful of the impact of low and moderate income households on their neighborhoods. When broken down by income, the highest and lowest suburban income groupings are the most generous in their evaluation of the effect of low and moderate income households will have on their neighborhood. Those living in multi-unit dwellings also appear less threatened by the prospect.

TABLE 14

NUMBER OF NEUTRAL AVERAGE RESPONSE SCORES

| | No. |
|---|---|
| A. When Suburbanites Grouped by Head of Household's Age | |
| Households over 45 | 38 |
| Households under 45 | 61 |
| Total | 99 |
| B. When Suburbanites Grouped by Household Income | |
| $25,000 and over | 37 |
| $16,000-24,000 | 24 |
| $15,000 and under | 38 |
| Total | 99 |
| C. When Suburbanites Grouped by Residence | |
| Single-Family House | 47 |
| Multi-Family Dwelling | 52 |
| Total | 99 |

In spite of the generalization suggested by the data in Table 12, a glance at Table 14 suggests that the two least accepting suburban prototypes are the single-family with incomes in excess of $25,000 whose household head is over 45 and the multi-family household, with $16,000-24,000 household incomes and household heads over 45. Thus, our generalizations about the likely tolerances of households with higher incomes and who reside in apartments must be used carefully.

The most accepting household group is the one whose head is under 45 years of age, living in an apartment, with household income exceeding $25,000. However, the other unusually tolerant groups are the single-family, under $15,000, under 45, and the single-family, $16,000-24,000, over 45. While a variety of hypotheses are suggested by this data as to the groups most likely to be tolerant of low and moderate income families moving into their neighborhoods, further analysis of the data, and additional interviews, are needed before any final judgments can be reliably made.

## H. INHIBITORS TO ACCEPTING THE HOUSING OF LOW AND MODERATE INCOME GROUPS IN THE SUBURBS

We were interested in ascertaining the overt reasons why these low/moderate income groups were perceived as threatening. Therefore, each respondent was asked to indicate the importance of reasons frequently given for objecting to the provision of low income housing in higher income communities. The questionnaire postulated 10 statements.

These statements tested the importance the suburbanites attached to the prospect of a drop in property values, a decrease in housing maintenance, a property tax increase resulting from an increase in service needs, a drop in the quality of schools, a decrease in the degree of neighborhood organization resulting from an increase in crime and delinquency, a decrease in the neighborhood's social status, and a reduction in the neighborhood's stability. The latter concept was introduced directly by the statement that the "neighborhood would become less stable" and indirectly by the statements that "those people would not fit in with the rest of the community" and "these people would be a bad influence on my family because they don't believe the same things we do."

The respondent was also encouraged to specify any other reasons for his belief that these households would be harmful to his neighborhood. Table 15 lists the results of this part of the survey. Housing maintenance and property values were cited as very important motivations for more than half of all suburbanites interviewed. Law and order and the stability of the neighborhood rank next highest in importance.[11]

Although a drop in quality of schools ranks fifth in the "very important" category in Table 15, it must be remembered that the first four factors affect households without children as well as families. Thus, for those with children, schools were very important. Previous research suggests that the middle and upper middle class parent views the school as the prime institutional transmitter of class mobility. Professor Seeley notes that in contemporary upper middle class society the school has replaced the functions of the church.[12]

Thirty-one percent of the suburbanite sample felt a drop in the neighborhood's social status to be a very important factor in their rejection of low and moderate income households as neighbors, while 30% of the sample considered it to be unimportant. This factor was considered far more important to those households living in areas with relatively high social status, while those respondents living in less prestigious suburban communities indicated they did not feel they had as much to lose. Thus, the factor of social status serves as an inhibitor for specific suburbs, while such factors as property values, maintenance, neighborhood stability, and law and order affect a significant proportion of residents in all communities.

The possibility of households with substantially less income moving into their neighborhoods or communities threatens many higher income suburbanites. They fear that the provision of housing for other presently excluded central city residents will lower the social, physical, and public service benefits they now enjoy and simultaneously cause their property to drop in monetary value. Thus, one would think that programs to alleviate these inhibiting impacts would serve to facilitate the acceptance of lower and moderate income housing in suburban middle and upper middle income neighborhoods. The next chapter reports on our attempts to test this hypothesis.

## TABLE 15

## REASONS GIVEN FOR CONSIDERING LOW/MODERATE INCOME HOUSEHOLDS UNDESIRABLE NEIGHBORS
(percent)

| | Very Important | Important | Un-important | No Answer |
|---|---|---|---|---|
| Property values would drop. | 55 | 29 | 9 | 7 |
| Property taxes would increase due to need for increased services. | 36 | 31 | 26 | 7 |
| Neighborhood would face a drop in social status. | 31 | 32 | 30 | 7 |
| Neighborhood would become less stable. | 40 | 43 | 9 | 7 |
| Those people would not fit in with rest of community. | 29 | 37 | 25 | 8 |
| Housing maintenance and conditions would decrease. | 59 | 23 | 9 | 8 |
| Decrease in law and order. | 43 | 30 | 20 | 7 |
| Change in character of neighborhood with shopping facilities catering to new groups' needs. | 19 | 34 | 40 | 7 |
| Drop in quality of schools. | 38 | 18 | 40 | 7 |
| These people would be a bad influence on my family because they don't believe the same things we do. | 15 | 23 | 54 | 8 |
| Other | | | | |
| Race | 2 | | | |
| Low income persons would feel insecure in higher income areas. | 1 | | | |
| Low income households have too many children. | 1 | | | |

## IV. THE SUBURBAN RESPONSE TO COMPREHENSIVE PROGRAMS THAT PROVIDE HOUSING FOR LOW AND MODERATE INCOME FAMILIES

> "These people need property to give them security and pride. The only objection I have to this housing in the area is the decline in property values."[1]

### A. WILL THE SUBURBANITES ACCEPT PROGRAMS THAT SIMULTANEOUSLY IMPROVE OR SAFEGUARD IMPORTANT FEATURES OF THEIR COMMUNITY WHILE PROVIDING NEW HOUSING FOR LOW AND MODERATE INCOME HOUSEHOLDS?

This is essentially the question we asked the suburbanites after getting their reactions to low and moderate income groups as summarized in the previous chapter. The suburbanites who had thought that some low and moderate income household types would greatly harm their neighborhood also told us the specific features that they thought would be harmed. Thus, we knew which groups they objected to and what general attitudes and specific fears prompted these objections. This information suggested the possibility of facilitating the acceptance of the group objected to by bringing it into the suburbs with programs that also safeguard or even improve the neighborhood and community features that the suburbanites value.

It could be said that such an expansion of housing programs is a matter of simple justice - a requirement for avoiding imposing the social costs of housing low and moderate income households on the suburbs. Or it might be more cynically said that such comprehensive programs are needed to bribe the suburbs into accepting their fair share of the region's less affluent and discriminated against minority households. Our research program did not consider this philosophical issue; instead we surveyed the suburbanites to ascertain the factors that would serve to facilitate the placement of low income housing in the Dayton suburbs.

Therefore, our interviewers presented a series of five questions, each of which asked about the respondent's degree of acceptance of the provision of low and moderate income housing in their neighborhood if this would result in one of the following:

A. "The Government paying for an improved physical plant as well as increasing the quality level of the education given to the children in your community."

B. "An assurance that crime and delinquency would not show any increase."

C. "An assurance that the households residing in the new housing would share your values, beliefs, and attitudes toward family, work, religion, and education."

D. "An assurance that property values will be maintained."

E. "A guaranteed increase in level of services, such as more frequent garbage collection, improved sanitation, water, fire and police protection, without any increase in your property tax."

These assertions about what would accompany the housing programs were then followed with the full list of low and moderate income households grouped by demographic characteristics, and the suburbanite was asked whether, under these circumstances, he or she would be:

1. Greatly accepting
2. Moderately accepting
3. Indifferent to
4. Moderately unaccepting
5. Greatly unaccepting

The answers to these questions are discussed next. Because of the number of questions asked and the complexity of the issues we were posing, no set level of low and moderate income groups as a proportion of the neighborhood was mentioned. However, it is evident from the results obtained to the previous list of questions that within any one neighborhood that includes lower and middle or higher income households, stability will be difficult to preserve if the low to moderate income group appears to make up a significant proportion of the population. This factor will be discussed further in Chapter VIII, but it is mentioned here to suggest that a relatively low level of low and moderate income household penetrations into the neighborhood (say, 5%) was probably in the minds of the respondents as they answered these questions.

We note that these questions were made up at the conclusion of a pre-test with a smaller sample of suburban residents. If we were to re-do the survey we would add two other possible "facilitators" to the list because they appeared so important in the minds of the suburbanites. There would be a program to guarantee property maintenance and the stipulation that the housing provided for the low and moderate income households would be owner occupied.

## B. SOME GOVERNMENTAL PROGRAMS LACK CREDIBILITY

Our inquiries about the acceptability of various low income groups if they were provided houses in conjunction with programs that also improved or preserved desirable neighborhood features caused a significant number of the suburbanites to question the question. Many of them doubted the government's ability to implement the postulated programs, while others expressed a bias against government - primarily federal. One said, "I'm totally against any kind of government control." Another stated, "I personally don't believe all this assurance but -- it sounds like a government project - which means more taxes."

The percentage of all respondents who refused to answer these questions because they did not think the programs were credible or because they opposed federal programs is listed in Table 16. The finding that many citizens think that governmental claims lack credibility is not too surprising but it is very significant. There is also an apparently explainable logic to the relative credibility that the respondents assigned to differing types of federal programs.

TABLE 16

RESPONDENTS WHO QUESTION THE DESIRABILITY OR CREDIBILITY OF PROGRAMS TO IMPROVE OR PRESERVE VALUED NEIGHBORHOOD FEATURES
(percent)

| Programs to Accompany Low and Moderate Income Programs and Also Preserve or Improve Neighborhood Level of | Not Possible Modal* | Against Federal Programs Modal* |
|---|---|---|
| A. Educational Quality | 3 | 13 |
| B. Law and Order | 15 | 3 |
| C. Social Values | 20 | 4 |
| D. Property Values | 15 | 3 |
| E. Local Public Services | 12 | 15 |

*The percentage of those who felt these programs could not work varied somewhat with the make-up of the low and moderate income groups they were being asked about. For example, the percentage of those who did not believe that programs could assure that crime and delinquency would not show any increase (Program B) went to 16% when the respondents were asked about the acceptability of moderate income white families without husbands under the stipulation that such a program would exist.

Thirteen percent of the respondents did not want governmental interference in education even if it meant an in-pouring of federal dollars. However, few doubted that educational quality could be improved or preserved if the arrival of their new low and moderate income families was accompanied by the receipt of added money for the local educational system. Conversely, relatively few respondents opposed the idea of the government attempting to preserve or improve law and order, but 15% did not believe that the government would or could accomplish this while low and moderate income families were moving in. Similarly, 20% refused to believe "an assurance that the households residing in these new housing units would share your values, beliefs, and attitudes toward family, work, religion, and education."

Fifteen percent of the respondents doubted the possibility of "an assurance that property values will be maintained." However, in spite of the fact that such a relatively significant proportion of the suburbanites doubted the government's ability to protect them from market reverses, only 3% objected to the concept of such assurances. When it comes to promising an increased level of services without any increase in property taxes, both the credibility and the concept draw negative responses: 12% do not believe the promise and 15% object to the idea of the federal government becoming involved in such local services.

## C. HOW EFFECTIVE WERE THE "FACILITATORS" IN GAINING SUBURBAN ACCEPTANCE OF LOW AND MODERATE INCOME HOUSEHOLDS?

One of the most important findings of our research was that the overwhelming majority of those who found the facilitators credible were then willing to accept low and moderate income households into their neighborhood. Since the respondents were asked to choose between the five levels of acceptance mentioned above, it was possible to calculate average mean scores to gauge the level of acceptance that was associated with each program. A score of between 1.00 and 2.49 could be interpreted to mean that the respondents were on the average positive to accepting the groups. A score of between 2.50 and 3.50 would be neutral, while a score of between 3.51 and 5.00 could be interpreted as negative. Thus, these scores could be compared with those previously shown in Table 11 of Chapter III, describing the reaction of the suburban group to the various low/moderate income groups under the assumption they make up 5% of the population but when no mention is made of such facilitating programs. Table 17 permits such a comparison by showing these two sets of scores side-by-side.

The inclusion of programs to preserve or enhance the features of the neighborhood environment that the suburbanites fear may be harmed by the low and moderate income households dramatically increases the acceptability of the incoming groups. Previously,

TABLE 17

AVERAGE RESPONSE SCORES WHEN FACILITATING PROGRAM ELEMENTS ARE INCLUDED COMPARED TO SCORES REFLECTING EXPECTATIONS CONCERNING THE IMPACT OF LOW AND MODERATE INCOME GROUPS MAKING UP 5% OF THE NEIGHBORHOOD'S POPULATION WHILE NO SUCH PROGRAM ELEMENTS ARE PRESENT

| | Programs to Improve or Preserve* | | | | | No Programs: Low/Moderate Income Group Makes Up 5% of Neighborhood |
|---|---|---|---|---|---|---|
| | A Educational Quality | B Crime and Delinquency | C Social Values | D Property Values | E Public Services | |
| Low Income White Family-Husband | 2.6<br>= | 2.5<br>= | 2.4<br>+ | 2.3<br>+ | 2.3<br>+ | 3.46<br>= |
| Low Income White Family-No Husband | 2.9<br>= | 2.7<br>= | NA | 2.5<br>= | 2.5<br>= | 3.64<br>- |
| Low Income Black Family-Husband | 3.0<br>= | 2.7<br>= | 2.6<br>= | 2.5<br>= | 2.5<br>= | 3.67<br>- |
| Low Income Black Family-No Husband | 3.3<br>= | 3.0<br>= | NA | 2.7<br>= | 2.7<br>= | 3.91<br>- |
| Moderate Income White Family-Husband | 2.6<br>= | 2.4<br>+ | 2.3<br>+ | 2.2<br>+ | 2.2<br>+ | 3.07<br>= |
| Moderate Income White Family-No Husband | 2.8<br>= | 2.6<br>= | NA | 2.3<br>+ | 2.3<br>+ | 3.19<br>= |
| Moderate Income Black Family-Husband | 2.7<br>= | 2.5<br>= | 2.4<br>+ | 2.4<br>+ | 2.4<br>+ | 3.31<br>= |
| Moderate Income Black Family-No Husband | 3.0<br>= | 2.8<br>= | NA | 2.6<br>= | 2.5<br>= | 3.53<br>- |
| Low Income White Elderly | NA | NA | 2.4<br>+ | 2.3<br>+ | 2.3<br>+ | 3.23<br>= |
| Low Income Black Elderly | NA | NA | 2.6<br>= | 2.5<br>= | 2.4<br>+ | 3.55<br>- |
| Low Income White Physically Handicapped | NA | NA | 2.5<br>= | 2.3<br>+ | 2.3<br>+ | 3.33<br>= |
| Low Income Black Physically Handicapped | NA | NA | 2.7<br>= | 2.5<br>= | 2.5<br>= | 3.57<br>- |

*Average mean scores: 1.00-2.49 (positive); 2.50-3.50 (neutral); 3.51-5.00 (negative).

NA = questions not asked because felt programs to alleviate were not relevant to these low and moderate income groups there had been no positive responses and six negative responses, but with the inclusion of these provisions those suburbanites who find the facilitators credible made responses that are at a minimum neutral to each of the groups.

The two programs that did the most to induce the acceptance of the low and moderate income groups by the total suburban sample were assurances that property values will be maintained and a guaranteed increase in level of services, such as more frequent garbage collection, improved sanitation, water, fire and police protection, without any increase in the property tax.

The general direction of the average responses given by the entire surveyed suburban population of 241 respondents did not vary dramatically from the averages obtained when we broke the groups' answers down by the four areas included in the survey. The only negative average response score obtained was calculated for the respondents in Area 3 when asked about their acceptance of low income black families with no husbands. Their response was negative when posed in conjunction with facilitating program D which assured the maintenance of property values. The positive effect of the facilitator seemed to be somewhat stronger in subareas 1 and 4.

We also broke down the suburban sample into the 12 subgroups discussed in the previous chapter. Correlation coefficients (R) were calculated relating the characteristics of the suburbanites to the levels of acceptances indicated by the responses to the questions that assured the presence of the alternative facilitators.[2]

There was a significant correlation between the income of the respondents and the scores. Since high scores meant relatively negative acceptance levels, this suggests that the higher income groups generally were less influenced toward accepting low and moderate income groups as a result of facilitating programs. A look at the scores shown in Appendix F confirms this conclusion. The scores of the less affluent suburbanites changed more dramatically than did the reactions of suburban households earning more than $25,000. Thus, 62% of all the average scores that fell into the positive category were calculated for suburban subgroups with household incomes below $15,000. This result may stem partially from the fact that age in our sample correlates highly with income. Thus, the younger and more tolerant members of the sample are also likely to be the least affluent. Also, it may be that those with less economic power are most afraid of not being able to cope with disturbances to their housing environment and thus are most accepting of offered safeguards and cost-free improvements.

The suburban households now living in multi-unit dwellings also tended to be much more likely to accept low and moderate income households, when the facilitators were postulated, than did the households in single-family dwellings. The tendency for those living in apartments to be less fearful of the impact that low and moderate income residents would have on the neighborhood was referred to in Chapter III. This tendency is even more pronounced when the facilitating programs are postulated in conjunction with the various low and moderate income groups. The correlation between acceptance and multi-family residences is particularly great when the law and order facilitator is offered.

The correlations between acceptance and relative youth were also generally significant. This was particularly true when educational quality improvements were postulated. The younger suburban households who tended to be less fearful of the impact of low and moderate households would also probably be the most accepting if the programs that provided the new housing were sufficiently comprehensive to better the neighborhood and community public facilities and services.

## D. SUBURBAN REACTIONS TO ALTERNATIVE TYPES OF LOW AND MODERATE INCOME HOUSING PATTERNS

Each of the suburbanites was asked:

Which of the following two alternatives do you most prefer, and do you prefer the chosen alternative a great deal more, somewhat more, or just slightly more than the other?

> Alternative 1 - A small number of low and moderate income housing units built in each neighborhood so that these households are scattered throughout the community.
>
> Alternative 2 - The low and moderate income units to be built in a separate neighborhood within your larger community. The neighborhood, however, would share in the use of the community's services, facilities, and school system.

The choice the respondent was asked to make was "forced" in that the respondent was not given the option of opposing both alternatives and formulating a third. The first alternative, which might be labeled "scatteration," was preferred by 55% of the total suburbanite sample, and the separate neighborhood concept by 43%; 2% refused to answer. While the scatteration proposal was preferred by slightly more respondents, the gradations of responses show that those who selected the neighborhood proposal tend to prefer it more intensely. These gradations are presented in Table 18.

TABLE 18

SUBURBAN RESPONSE TO ALTERNATIVE
LOW/MODERATE INCOME HOUSING PATTERNS
(percent)

| Alternative Low/Moderate Income Housing Pattern | Preferring Great Deal More | Preferring Somewhat More | Preferring Slightly More | Total | Preference of Total Sample |
|---|---|---|---|---|---|
| Scatteration | 49 | 28 | 23 | 100% | 55 |
| Separate Neighborhoods | 58 | 29 | 13 | 100% | 43 |
| No answer | | | | | 2 |
| Total | | | | | 100% |

Apartment dwellers tended to prefer a scatteration plan, while single-family households had a decided preference for the neighborhood approach. Judging by the latter's comments, their hope is that such neighborhoods would be placed "somewhere else" in the community. Many of the respondents agreed with the housewife who felt that "low and medium income housing should be built in one area and kept there. It should not be distributed throughout the better residential areas."

In selecting between these alternatives the single-family dwellers once again expressed their preferences for economically and socially homogeneous neighborhoods. However, there was a minority who spoke up for a more diverse community as exemplified by the following quote: "I think neighborhoods should be open. It's a healthy environment when there are differences." More often, however, the acceptance of less affluent households was tempered by the tacit or stated assumption that the neighborhood's standard would be maintained in the upkeep of the property and the behavior of the occupants. This attitude is typified in the following two statements. "I wouldn't care if someone was 109, black and crippled, just so they would keep up the area." "I could accept any kind of people if I was assured they would be good people who worked hard for what they got and took pride in that which they earned."

## V. THE ATTITUDES AND PERCEPTIONS OF THE REGION'S POLITICIANS AND PUBLIC OFFICIALS

"We would be glad to take care of our own poor."[1]

### A. THE PUBLIC OFFICIAL SURVEY

It has become fashionable to blame all of society's ills on its politicians and public administrators. However, this study suggests that for good or ill, such men tend to mirror the demands of their constituencies rather than set new trends.

Eighteen in-depth interviewees were drawn from a sample list of persons serving the region in one of the following public capacities: county commissioner, city manager, village or city council member, school superintendent, planning commissioner, and public housing official.

An attempt was made to include representatives from the four areas used in the suburbanite survey. Area 4 was the only area not directly represented in the political official survey, though indirectly its residents were included in the interviews conducted with the county commissioners. Seven persons representing the City of Dayton and five from suburban areas whose residents were not surveyed in this study completed the sample.

The public official survey results, while based on a limited number of interviews, suggest primary generalizations which are drawn from the uniformity of the responses and do not appear to be dependent on the particular role or jurisdiction of the respondent.

1. The majority of the public officials, whether elected or appointed, are knowledgeable concerning the attitudes and preferences of their constituents - and the majority are willing to incorporate these desires into their policy and program formulations. Two respondents were attempting to circumvent the majority's will by introducing policies which would foment more social change than their communities wanted. The methods of the two varied, with the first introducing policy changes slowly and when possible innocuously. The second was taking a "bull by the horns" approach and assumed he would be looking around for another job in the next two to four years.

2. As the sub-title of this chapter suggests, most of the public official respondents were willing to encourage those housing programs which would take care of the low and moderate income households within their communities. They were quite

adverse to facilitating plans which would encourage lower income households living elsewhere in the region to migrate into their communities. This method of looking at the problem results in the public officials' willingness to take care of their own elderly but their strong opposition to accepting central city and aid to dependent children households. This complete aversion to households without the husband-father as head lead many respondents to stipulate the precondition that all low and moderate income households moving into their communities must share the same middle class values held by the present residents.

3. There was uniform agreement that programs which encourage ownership were better than those subsidizing renter households. The difference between apartment or single-family house was less important to the public official than the ownership-renter status of the household. Ownership, in the minds of the public officials, is equated with responsibility, while renters are considered to be less desirable citizens.

4. Many felt that there should be a way to assure the local communities that all new low and moderate income housing projects would blend in with the local architecture. Several suggested an architectural review board as the appropriate mechanism to assure that the new low/moderate income projects would meet the communities' design specifications.

5. Many felt it important to separate the school issue from the problem of providing low/moderate income housing. One respondent suggested that property taxes should be distributed between communities so that the richer community with fewer children would not be benefited more than the poorer community with more children. Property taxes would be redistributed according to the number of children in the local school district. A few discussed the unfairness of public housing projects not paying their commensurate share of school taxes. Still others felt that the introduction of low income households would not only overburden their school system but would reduce the extra middle-class benefits that were already in short supply, such as the volunteer mothers to serve as community leaders, Boy Scout and Girl Scout leaders, and P.T.A. members.

Three other points of view were expressed by a minority of the respondents and reflect the interviewees' specific role. While these are not majority opinions, they are important in that they help identify problem areas which should not be ignored in any regional housing program.

1. Federal public housing guidelines were viewed as unnecessarily complex with too much red tape retarding the provision of new dwelling units in the region. There was also opposition to not giving the tenants more of a choice as to where

they would live. (If a tenant should refuse an offered unit three times in a row, even if this unit were in the same structure, he or she would have to be put at the bottom of the Dayton Metropolitan Housing Authority list.)

2. One respondent felt that the subsidization of new moderate income households was unfair to the working class already living in the community. He stated that these people are struggling to keep up with their mortgage payments and to maintain their property, and suggested that it might be more equitable to give these existing residents the new housing and use the houses that they vacated for the incoming moderate income households.

3. The public officials representing areas whose low land value make them the most likely location for low and moderate income housing are most vocal against speeding up the use of these housing programs. One stated that it is the residents of his community who have already "paid the price" once by moving from West Dayton to their present location who are most in opposition. It is also these residents who have the fewest options to move again should large numbers of low and moderate income households now come to the area.

## B. THE PUBLIC OFFICIALS' REACTIONS TO STRUCTURAL TYPES

Each public official was asked how he felt his constituency would respond to a variety of housing structures which included the following types: owner-occupied single-family house, renter-occupied single-family house, free-standing low-rise apartments, free-standing high-rise apartments, high-rise projects, low-rise projects, garden-type apartments, and townhouse apartments.[2] He was also instructed not to consider the specific household type who would be living in the structure but rather to react to the structure irrespective of who would occupy it. If the respondent persisted in knowing the type of people who would be living in each of the structures then he was told, similar to the type of people currently living in his community. The recapitulation of this portion of the survey methodology is not meant to infer that none of the respondents associated the structure type with low and moderate income households. It was hoped that each of them would at least emphasize their reactions to the structure type versus household type. Table 19 highlights some of the region's structural preferences. The most prominent preference is for the "owner" rather than a renter household, irrespective of the demographic make-up of the renter.

## TABLE 19

### THE PUBLIC OFFICIALS' PROJECTIONS OF THEIR CONSTITUENTS' REACTIONS TO STRUCTURE TYPES
(percent)

| Structure Types | Greatly Accepting | Moderately Accepting | Indiffer-ent to | Moderately Unaccepting | Greatly Unaccepting | Total* |
|---|---|---|---|---|---|---|
| Owner-Occupied Single-Family Houses | 89 | 11 | 0 | 0 | 0 | 100% |
| Renter-Occupied Single-Family Houses | 37 | 21 | 16 | 21 | 5 | 100% |
| Free-Standing Low-Rise Apartments | 18 | 44 | 18 | 12 | 6 | 98% |
| Free-Standing High-Rise Apartments | 5 | 0 | 10 | 58 | 26 | 99% |
| High-Rise Projects | 0 | 0 | 8 | 42 | 50 | 100% |
| Low-Rise Projects | 5 | 22 | 28 | 17 | 28 | 100% |
| Garden-Type Apartments | 36 | 21 | 21 | 7 | 14 | 99% |
| Townhouse Apartments | 31 | 12 | 25 | 12 | 18 | 98% |

*Totals not equal to 100% due to rounding.

One public official put it very well when he said that to many suburbanites anyone living in an apartment is considered to be "somewhat immoral." He then laughed and said he ought to ask these people, "Were you immoral when you lived in an apartment?" However, it is not just the apartment dweller but the renter per se who is suspect. He is considered to be less interested in maintaining his property and less stable in terms of life style and generally suspected to be of a lower economic class. Thus, the renter of a single-family home and the renter of a garden apartment are considered to be equally acceptable in the eyes of the respondents. Townhouse apartments are perceived to be slightly less acceptable. Low-rise apartment buildings, while less acceptable than the preceding structural types, are far more acceptable than a high-rise building. Housing projects are viewed as least acceptable, with high-rise projects being virtually unacceptable to all.

At the completion of this question, all respondents were asked to state the reasons underlying any of their negative responses to structure type. The most frequently mentioned was that apartments do not pay their full share of real estate taxes and thus are a burden to the school district. A second frequently given reason was that apartments lower the surrounding property values. A third fear was that high-rise buildings would give the community the appearance of a vertical slum, with southside Chicago given as an example of what they do not want to happen in their own communities. Lastly, and undoubtedly not least important, is that they want to protect their communities from a low class invasion.

## C. THE PUBLIC OFFICIALS' REACTIONS TO LOW/MODERATE INCOME GROUPS

The public official was asked to project his constituents' reaction to the prospect of the 12 specified migrant groups moving into their community under two assumptions: first, that these households would make up less than 10%, and second, that they would comprise more than 20%, of the community's population base.

The respondents were cautioned to ignore the type of structures and focus their attention on the alternate household types. Again, if pressed as to the type of structures, the interviewer replied, similar to the type of structures now location in your community. Although we have no guarantee that some respondents did not visualize an unattractive low-cost shelter, at least we have no reason to believe that the majority answered the question with that in mind.

Table 20 summarizes the officials' assumptions of their constituents' reactions to each of the 12 household types when these households constituted less than 10% of their community. The greatly and moderately accepting and moderately and greatly unaccepting categories have been combined into one, and percentages computed for a single accepting and unaccepting category. The public officials hypothesized that, in general, black households and low income households without a male head would be the least acceptable. Thus, the least preferred household type is the low income black family without husband. The second least preferred would be the low income white family without husband. The low and moderate income black household with husband is more acceptable, according to the respondents, than either the black elderly or physically handicapped households. The three most acceptable household types are the moderate income white family with husband, the white elderly, and the white physically handicapped.

Table 21 shows the reactions of the public officials under the assumption that the low and moderate income households would constitute at least 20% of the population base. Many of the public officials expressed concern and, though apologetic, felt the people they represented would not tolerate such high levels of low/moderate income households moving into their communities. All household types are found to be less acceptable than those in Table 20 which utilized the smaller percentage assumption. In addition to this stronger objection to all household types, there are also some differences in terms of the rank order of acceptability. For example, the moderate income black household with husband is found to be as acceptable as moderate income white family with husband. The low income white elderly are now more acceptable than any other category. Black families without husbands are viewed as completely unacceptable.

Table 22 ranks the factors or reasons given by the public officials for their constituents' opposition to the proposed entry of low/moderate income groups. The anticipated drop in property values, and race tie for the Number One position. The racial factor is particularly significant because it was not directly on the questionnaire form but instead was a "write-in." We do not know if, in the minds of the public officials, race is being used as a substitute for all the other stated objections.

A drop in the quality of schools is ranked Number Two. Most of the public officials were very sensitive to this issue and perhaps credited it with more importance than the suburbanites they represent. This may be due to the fact that not all households have children in the school system and those without children are thus less actively concerned. The threat of a drop in property values and in the quality of schools can be viewed as a direct threat to the capital accumulation of the existing households.

## TABLE 20

### THE PUBLIC OFFICIALS' PROJECTIONS OF THEIR CONSTITUENTS' REACTIONS TO LOW/MODERATE INCOME HOUSEHOLDS COMPRISING LESS THAN 10% OF THEIR COMMUNITIES (percent)

| | Accepting | Indifferent to | Unaccepting | Total* |
|---|---|---|---|---|
| Low Income (Under $5,000) White Elderly | 61 | 17 | 22 | 100% |
| Low Income (Under $5,000) Black Elderly | 11 | 17 | 72 | 100% |
| Low Income (Under $5,000) White Physically Handicapped | 50 | 37 | 12 | 99% |
| Low Income (Under $5,000) Black Physically Handicapped | 18 | 12 | 70 | 100% |
| Low Income (Under $5,000) White Family with Husband | 39 | 22 | 39 | 100% |
| Low Income (Under $5,000) Black Family with Husband | 17 | 17 | 66 | 100% |
| Low Income (Under $5,000) White Family without Husband | 10 | 16 | 74 | 100% |
| Low Income (Under $5,000) Black Family without Husband | 0 | 6 | 94 | 100% |
| Moderate Income ($5,000-10,000) White Family with Husband | 67 | 22 | 11 | 100% |
| Moderate Income ($5,000-10,000) Black Family with Husband | 42 | 10 | 47 | 99% |
| Moderate Income ($5,000-10,000) White Family without Husband | 39 | 39 | 22 | 100% |
| Moderate Income ($5,000-10,000) Black Family without Husband | 6 | 25 | 69 | 100% |

*Totals not equal to 100% due to rounding.

## TABLE 21

## THE PUBLIC OFFICIALS' PROJECTIONS OF THEIR CONSTITUENTS' REACTIONS TO LOW/MODERATE INCOME HOUSEHOLDS COMPRISING AT LEAST 20% OF THE COMMUNITY
(percent)

| – | Accepting | Indiffer-ent to | Unaccepting | Total |
|---|---|---|---|---|
| Low Income (Under $5,000) White Elderly | 33 | 7 | 60 | 100% |
| Low Income (Under $5,000) Black Elderly | 7 | 7 | 86 | 100% |
| Low Income (Under $5,000) White Physically Handicapped | 20 | 20 | 60 | 100% |
| Low Income (Under $5,000) Black Physically Handicapped | 7 | 0 | 93 | 100% |
| Low Income (Under $5,000) White Family with Husband | 18 | 12 | 70 | 100% |
| Low Income (Under $5,000) Black Family with Husband | 14 | 0 | 86 | 100% |
| Low Income (Under $5,000) White Family without Husband | 7 | 0 | 93 | 100% |
| Low Income (Under $5,000) Black Family without Husband | 0 | 0 | 100 | 100% |
| Moderate Income ($5,000-10,000) White Family with Husband | 26 | 30 | 44 | 100% |
| Moderate Income ($5,000-10,000) Black Family with Husband | 26 | 20 | 54 | 100% |
| Moderate Income (45,000-10,000) White Family without Husband | 12 | 31 | 57 | 100% |
| Moderate Income ($5,000-10,000) Black Family without Husband | 7 | 7 | 86 | 100% |

## TABLE 22

## FACTORS RANKED BY IMPORTANCE TO INFLUENCE THE REJECTION OF LOW/MODERATE INCOME GROUPS
(percent)

| | Total Sample Very Important | Total Sample Important | Total Sample Unimportant | Total |
|---|---|---|---|---|
| Property Values Would Drop | 50 | 35 | 15 | 100% |
| Race* | 50 | -- | -- | 50%* |
| Drop in Quality of Schools | 47 | 37 | 16 | 100% |
| Decrease in Law/Order | 28 | 56 | 16 | 100% |
| Property Taxes Would Increase Due to Need for Increased Services | 28 | 28 | 43 | 99% |
| Drop in Social Status | 25 | 55 | 20 | 100% |
| Housing Maintenance Would Decrease | 25 | 50 | 25 | 100% |
| People Wouldn't Fit In | 16 | 72 | 11 | 99% |
| Community Less Stable | 11 | 67 | 22 | 100% |
| Federal Government Interference* | 11 | -- | -- | 11%* |
| Shift in Political Structure* | 6 | -- | -- | 6%* |
| Change in Character of Community Shopping | 0 | 21 | 79 | 100% |

*Race, federal government interference, and shift in the political structure were all write-ins and not on the questionnaire form. Therefore, we can assume all three would be very important to those specifying them and that their importance would have been greater had they been included directly on the questionnaire.

The first would affect often the only savings possessed by the household, while the second threatens the future ability of the household's children to accumulate capital. The increase in property taxes due to the need for increased services and a decrease in law and order serve as the third most important objection, while a drop in the community's social status and a decrease in housing maintenance are a close fourth. A drop in the community's social status was far more important to those respondents representing Area 3, the higher status suburban community, than to those public officials affiliated with less prestigious suburbs.

Table 23 lists the responses of the public officials to the question of whether they personally in their present public roles actively "encourage," "discourage," or "take no position" on issues such as zoning and planning guidelines that would promote the development of housing partially financed by a variety of programs.

Most indicated that they would actively discourage standard public housing projects coming into their communities. Scattered public housing and turnkey public housing programs appeared to be far more acceptable alternatives. Several specified that they would only encourage public housing programs for their community's elderly, while others indicated a reluctance to support any public housing which would encourage the entry of lower income households. Table 23 suggests that Section 235 programs for single-family residences would receive more encouragement than the Section 236 programs which provide multi-family residences for moderate income households. Seventy-two percent of the public official sample said they would be supportive of FHA financed housing programs within their area, while only 67% stated they would encourage either VA or conventional housing programs.

Each respondent was asked to identify those groups, both formal and informal, which influenced their thinking concerning the provision of low and moderate income housing opportunities in the region. This question elicited such a diversity of answers that it is difficult to make any generalizations. However, those officials representing Area 3 felt that most of the official and unofficial groups in their jurisdiction would oppose the entry of low and moderate income families.

In general, most of the public officials felt that they would get adverse reactions from existing senior citizens groups who would oppose the possible raising of their property taxes, as well as from realtors and some developers. Church groups, some citizen groups, the MVRPC and the DMHA were seen as positive pressure groups to promote the provision of low and moderate income housing.

### TABLE 23

### POSITION OF PUBLIC OFFICIALS ON ALTERNATELY FINANCED HOUSING PROGRAMS
(percent)

| Type of Financed Housing Programs | Encourage | Discourage | Take No Position | Total |
|---|---|---|---|---|
| Standard Public Housing Projects | 17 | 72 | 11 | 100% |
| Scattered Public Housing | 61 | 28 | 11 | 100% |
| Turnkey Public Housing | 61 | 17 | 22 | 100% |
| FHA Housing | 72 | 11 | 17 | 100% |
| VA Housing | 67 | 11 | 22 | 100% |
| Conventional | 67 | 11 | 22 | 100% |
| 235 Single-Family Residences | 61 | 22 | 11 | 100% |
| 236 Multi-Family Residences | 55 | 28 | 17 | 100% |

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A serendipic effect of the public official survey was to provide the respondents an opportunity to take time out from their busy lives to talk and think about this very serious problem: How does a region provide increased housing opportunities to its low and moderate income households? Several began, in the process of the interview, to reevaluate their own position on these issues and to concern themselves with the problem of promoting positive social change. These respondents not only gave their best efforts to answering the questions summarized in this chapter, but also formulated some challenging questions of their own.

# VI. THE POSSIBLE IMPACTS OF LOW AND MODERATE INCOME HOUSING ON IMPORTANT FEATURES OF THE NEIGHBORHOOD ENVIRONMENT

> "It is certainly better, however, to face up to the situation than to incur further alienation and frustration by promising to correct the problem by means that are bound to fail."[1]

The majority of the middle and upper income residents of the suburbs that surround Dayton fear that the entry of low and moderate income households into their neighborhoods will harm important features of their living environment. Specifically, they fear that:

- Property will be less well maintained.
- Property values will drop.
- Service levels will drop.
- Property taxes will increase.
- School quality will drop.
- Social organization will deteriorate.
- Social status will decline.
- Social stability will decrease.

## A. PROPERTY VALUES

Are the suburbanites' fears of a decline in property values justified or unjustified? There is evidence to suggest that under some circumstances the movement of low and moderate income households into an area has resulted in the feared consequences, but in other instances this has not been so. The actual results will vary with a number of factors, many of which can be controlled if we understand them and are willing to put forth the efforts and resources required to control them. Thus, each situation warrants a careful analysis of the underlying forces affecting the neighborhood feature that is of concern. To make this possible, the analyst must know what underlying forces to look for, and not confuse the issue with easy generalizations.

Perhaps one of the best examples of confusion is that surrounding the question of property values. It has been vigorously argued that black entry into a neighborhood either does or does not increase property values. Before 1960 many real estate texts and appraisal manuals indicated that the inclusion of black residents in a neighborhood worked to depress property values. This is not true; neither should one believe the liberal propagandist who asserts that black entry into a neighborhood always makes prices rise.

In 1960 Dr. Luigi Laurenti considered the empirical evidence gathered in seven cities where price movement in neighborhoods that were receiving black residents was compared with that in areas that had remained all white. He reported:

> "...no single or uniform pattern of non-white influence on property prices could be detected. Rather, what happens to prices when non-whites enter a neighborhood seems to depend on a variety of circumstances which, in balance, may influence prices upward or downward or leave them unaffected."[2]

His conclusions confirmed prior statements by such housing experts as Charles Abrams. Whether or not prices will drop with the advent of a new group - in this case blacks - into the neighborhood will depend on the relative demands of the new and old residents and the relative supply of dwelling units open to each.

If the effective demand for housing in the neighborhood on the part of blacks is more intense than that of any other group, then they will tend to drive prices higher than would have been the case had the barriers to black entry remained. Examples of this can be found in older neighborhoods that excluded blacks until vacancies encouraged someone to rent or sell to them. Frequently, when the pent-up demand of blacks was permitted to operate in the neighborhood then the number of vacancies began to drop and prices rose. This was the case for the West Philadelphia area reported on by Chester Rapkin and William Grigsby.[3]

Conversely, it is possible for supply to eventually begin to climb faster than demand if the affluent older group takes its dollar bidding power away from an existing neighborhood faster than the new group can put up money. If this happens, prices will drop. Rapkin and Grigsby reported on such a situation in West Mount Airy, Philadelphia, in the same book in which they had described the West Philadelphia experience of black entry bringing with it the reverse price effect.[4]

Thus, the placement of lower income housing in Dayton's suburban middle income neighborhoods need not cause the price of existing houses to drop. But this could happen. It will happen if the present residents start to leave and no other buyers or renters with equal purchasing power seek to buy or rent in their place. It will not happen if the same class of people that is now in the neighborhood continues to seek homes there. It can also, of course, be guaranteed not to happen if the public treasury agrees to step in as a buyer should market prices drop.

## B. PROPERTY MAINTENANCE

Maintenance involves spending in order to retard or offset the tendencies toward deterioration. These expenditures will be made if the property owner has the incentive and the money required. If the property is renter occupied, the landlord's incentive will depend heavily on the economic pressure for maintenance that his tenants are able to generate. One of the tragedies of the 1950s and 1960s was that urban renewal and highway programs cut the supply of older lower-priced housing available, thereby forcing those who would otherwise have been able to bargain for more maintenance or else move, to accept less maintenance in the only housing they could rent.[5-6] If renters are not given a choice of other housing at similar prices there will be a tendency for the maintenance of existing structures to slip. Conversely, if competitive supply conditions exist, rental housing will tend to be well maintained if the rents are high enough to make such maintenance profitable.

Of course, tenants can also create the need for excessive maintenance by causing damage. Generally, damage deposits and the threat of eviction are landlord weapons against such tenant behavior. However, the owner of subsidized rental property may have trouble using these weapons, in which case property deterioration may increase. Certainly this has often been the case with public housing, though the Dayton Public Housing Authority seems to be doing an unusually good job of obtaining tenant cooperation. Nevertheless, there is always the problem of providing incentives to encourage public housing tenants to reduce the maintenance and repair costs within their control.

Professor Stanley Lebergott has urged that every tenant who generates below-average repair and maintenance costs for his apartment unit receive a money payment equal to that savings.[7] The Hawaii Housing Authority is already successfully implementing a plan that goes Professor Lebergott one better. Unfortunately, the Hawaii program is applicable only to that state's housing projects in which income limits and rents are higher than those applicable to federally subsidized low rent projects. Since 1964 families participating in a plan set up by the State of Hawaii pay one-fifth of their net family income to the housing authority. The difference between the amount paid and the unit operating cost is credited to the family's reserve account to be withdrawn as down payment on the purchase of a home. Jitsuri Yoshida, the Supervising Public Housing Manager, indicated that since the passage of the plan in 1964 and September 30, 1970, 56 families have been assisted in becoming homeowners, while 107 families were participating with reserve credits ranging from 2000 to 6000.

There are many examples to show that lower income families will maintain property if they have the resources and the incentive to do so. A recent experiment in subsidizing and counseling low and moderate income households so that they could become homeowners reported their efforts to be successful, but pointed to the need for child care facilities to enable mothers to work and supplement the family income - thereby enabling the family to meet the financial responsibilities of home ownership.[8] Conversely, the slums provide proof of the drop in maintenance that follows the occupancy by those who have neither the personal resources to pay for expensive maintenance nor the market bargaining power to force their landlords to do so. Thus, the direct impact that the new residents make on maintenance will depend greatly on the make-up of the programs that enable them to move to the suburbs and the selective process that determines the type of households that move into the new housing.

However, the direct effect of the new resident may not be as important as the results occasioned by the local reaction to his arrival. If the new residents alter the ability of the neighborhood to attract and hold home buyers and renters of the class that originally inhabited the neighborhood, then the overall level of maintenance will tend to drop. Such a result follows simply because a drop in the income level of the neighborhood residents would mean that, all other things being equal, the new owners of property there would have less to spend on maintenance and repair. In the long run, the impact of the new households on the neighborhood maintenance levels will depend to at least some degree on whether or not they cause the type of households presently in the neighborhood to change their minds about the benefits to be desired from living there.

One of the physical housing elements that our survey indicated was influential in altering or preserving current levels of desirability was the compatibility of the new units and maintenance patterns with the old. There are two aspects to this element. One is the design of the new housing itself: If not compatible with existing neighborhood standards, it will alter the desirability of the neighborhood in the eyes of present and potential future inhabitants of the class now living there. Perhaps the best example of the worst kind of situation that could develop would be construction of public housing units that could not conform to neighborhood standards because they had to conform to federal cost criteria.

For many years, housing experts have criticized the design of public housing projects. Thirteen years ago, Catherine Bauer Wurster, one of the early advocates of public housing wrote:

> "...visually they may be no more monotonous than a typical suburban tract, but their density makes them seem more institutional, like veterans' hospitals or old-fashioned orphan asylums. The fact that they are usually designed as islands - 'community units' turning their backs to the surrounding neighborhoods which look entirely different - only adds to their institutional quality."[9]

Mrs. Wurster's conclusions were seconded by the renowned housing expert William L. C. Wheaton, who suggested that public housing should be designed and built using the "best standards of the future, not the worst standards of the past." Wheaton criticized rigid federal design specifications and called for a more flexible set of federal regulations.[10]

To some degree these criticisms and suggestions have been heeded by the U.S. Department of Housing and Urban Development. Design controls are more flexible now than they have been. But HUD will have to be extremely flexible and willing to spend if public housing units are to be accepted as blending in with the buildings now prized by those living in the suburbs. The San Francisco Housing Authority is currently involved in an argument over design controls and costs, in which local commission members are charging that HUD is making it difficult for them to provide 200 large-family housing units for 30 scattered sites with the amenity features that they consider desirable.[11]

The question of providing public housing that fits in with existing suburban housing illustrates the problems that will have to be solved by any subsidy program that puts low and moderate income units into an existing middle income suburban neighborhood. If the new units meet existing neighborhood standards, then there is no reason that their physical presence will alter the short- or long-run maintenance standards by working to change the ability of the neighborhood to attract and hold those who can and will pay to preserve present levels of maintenance. If the units clash with neighborhood standards, they may engender instability. This could eventually reduce the amount of money that the average residents are willing and able to spend on maintenance by working to change the socio-economic make-up of the average residents. Conversely, if the new units add to the aesthetic appeal of the neighborhood, the long-run effect may be to attract residents who will increase the neighborhood's average maintenance level.

While it is apparent that the long-run level of neighborhood maintenance will be determined by the host of primarily social factors that shape its appeal to different groups, one other physical factor is worth mentioning in the light of the information provided by the suburban survey. Certain physical elements of the housing environment have symbolic values to some suburban residents. These symbolic values are not shared by all households - including some of the low and moderate income households that need new dwelling units. For example, as pointed out in Chapter III, lawns have visual symbolic values to the residents of many neighborhoods, particularly in Area 3 - they are something to see, not to use. If low or moderate income families who felt that lawns were to be used for play, to sit upon, or to display a prized couch, were to move into the same neighborhood, the older residents and those of their class would perceive the neighborhood as having become less desirable and, therefore, less worthy of their own expenditure on maintenance.

## C. PROPERTY TAXES AND GENERAL SERVICE LEVELS

Table 24 shows the direct expenditures for all purposes of local government in Ohio during fiscal 1967-68. While expenditures in the five-county Miami Valley Region may not exactly fit this statewide pattern, the deviations will probably not be dramatic. The majority of local funds are spent on education, health and welfare, and public safety. While the needs of differing types of low and moderate income households vary, many of these households will require at least the average amount of services that are currently provided and paid for by the local community.

Since the property tax is still the backbone of the local revenue system, and the property taxes generated by the typical low and moderate income households may be less than average, there is of course the possibility that the residents will cause taxes to rise or service levels to drop. This is particularly likely to be the case for low income households. Professor Dick Netzer of New York University has studied the financial structures of several American cities including New York. He has pointed out that most state and local taxes are regressive in their incidence; that is, the taxes take out a smaller percentage of the income of the rich than middle income families. But he also reports that, "it is quite clear that on the average, state-local public expenditure benefits to the poor far exceed the tax burdens."[12]

TABLE 24

DIRECT EXPENDITURES BY OHIO LOCAL GOVERNMENT 1967-68

| Functional Area | Millions of Dollars | Percent |
|---|---|---|
| Education | 1427.6 | 48 |
| Highways | 268.5 | 9 |
| Public Welfare | 128.0 | 4 |
| Health and Hospitals | 151.8 | 5 |
| Police Protection | 129.5 | 4 |
| Fire Protection | 78.0 | 3 |
| Sewage | 108.3 | 4 |
| Sanitation other than Sewage | 49.9 | 2 |
| Parks and Recreation | 50.7 | 2 |
| Finances Administration | 34.7 | 1 |
| General Control | 78.9 | 3 |
| Interest on Debt | 108.4 | 4 |
| Other | 326.7 | 11 |
|  | $2941.0 | 100% |

Source: U.S. Bureau of Census, Governmental Finances in 1967-68, Series GF 68 - No. 5.

There is certainly nothing surprising about the possibility that suburban property taxes may rise or service levels drop if more of the less affluent are housed in the suburbs. The financial plights of many large central cities have been well publicized as being partly attributable to the high proportion of the region's poor and discriminated against that they have kept within their jurisdiction. The fact that they have tended to lose a proportion of their businesses and industries to the suburbs that now house the more affluent also contributes to the financial problem of the center cities, as does the universal increase in the demand for publicly provided services.

However, the role that the badly housed play in financially burdening the city need not be reenacted if some of them become well housed in the suburbs. One of the reasons that the low and moderate income groups who live in the central cities contribute relatively little in taxes is that they live in old, low-quality dwellings of relatively low market value. Such units do not carry high property tax assessments. However, this will not be the kind of housing provided for the low and moderate income households that are allowed to leave the central city and live in the suburbs. Instead, the programs that enable them to make this move will provide new, relatively high-quality dwellings with a market value fairly close to the average value of the homes of the present suburban property taxpayers.

Thus, the proposed low and moderate income housing could contribute significantly to the tax base of the suburbs. But will it?

The answer depends on the nature of the subsidy program that permits the new dwelling units to be built and occupied by households that, at least initially, cannot afford them. In the cities, most of the small number of higher quality units that have been provided were paid by federal aid channeled through the local public housing authority. The Dayton Public Housing Authority, like any other public housing authority, must live by the rules set out by the money-granting federal government. Those rules make the public housing units largely exempt from the property tax; the in lieu payments that the housing authority is allowed to make represent only a small fraction of the property tax payments that would derive from a privately owned unit of similar value. Such exemptions are in fact a subsidy that the local jurisdiction gives to occupants of the publicly subsidized dwelling.

This tax deficiency of older public housing programs is not present in the newer public housing leasing programs. Under this program the owner who leases his property to the local public housing authority does pay property taxes.

It is interesting to note that the federal government's right to claim such immunity from local taxation was established in 1819 by the U.S. Supreme Court in the case of McCulloch v. Maryland. In this case, Chief Justice John Marshall, made the famous statement, "The power to tax involves the power to destroy." This is still true, but the jurisdictions have reversed roles since the 1819 case and the "tax" that is being imposed on the local jurisdiction is the subsidization of lower income households living in federally financed public housing. The imposition of such a subsidy is sometimes not noted because it comes in the form of a property tax exemption in return for which the local public housing agency gets the money it requires to build housing for those who need it and cannot afford to pay for it. But the exemption of property from local taxes is an indirect subsidy and one that the suburbs will resist paying.

Of course, no such subsidy will be wrung from the suburbs if the new housing is built with the aid of programs such as 235 or 236 which calls for the full payment of property taxes. Neither would it be imposed if the authorized in lieu payments were set to equal the fair market value of structures equivalent to the ones being built, or if the government paid an amount equal to the costs of providing the public services provided the lower and middle income residents. The amount of such costs will vary with the composition of the low and moderate income households that come to the suburbs.

The net direct fiscal effect of the new residents will be affected by the make-up of their households, the type of housing that is provided for them, and the degree to which this housing is exempt from local property taxes. Work in other areas suggests that one should not too quickly prejudge the results that will follow from a given "set" of these three factors. For example, there is a fairly widespread belief that single-family units are always more fiscally rewarding than apartments. But a study by the Prince George's County Economic Development Committee suggests that, at least in that county, "the average one- and two-family dwelling unit does not pay the direct cost to the county to educate one child or even to educate the .943 pupils per average unit in school for 1963-64 --- the much maligned apartment units pay their way, by an ample margin, for all services including the education of the .242 pupils per apartment unit in school for 1963-64."[13]

The net fiscal effects will also be influenced by the degree to which the new residents cause expansion in the capital and operating costs of the services already being provided - that is, the degree to which they cause marginal public costs to rise. To take an extreme example: If the new households can be serviced by the existing public work force without any addition in hours worked, and can be handled by the physical capacity of the existing capital facilities, then they would not cause the tax rate to go up or service levels to decline even if the housing they lived in paid no property taxes. The Miami Valley Regional Planning Commission was well aware of this effect when it prepared the distribution plan that provided guidelines allocating the 14125 low and moderate income dwelling units that the five-county region needs, to its 53 "planning units" or subareas.

The housing plan for the Miami Valley Region minimizes the possibility that the provided new low and moderate income housing will burden the community even if the units are provided by public housing. It does this by considering carefully the impact of housing on the critical service area of schooling. Distribution considered the existing position of the school system, the higher the assessed valuation per pupil the greater the number of dwelling units assigned, and the more pupils "in excess of normal capacity, the fewer the units assigned."[14] If the implementation of this plan continues to consider this factor, as we believe it will, and if maximum use is made of programs that will pay property taxes, then the danger of a direct financial burden will be minimized.

The indirect and the long-run financial effects of the program will depend on what the new households and the existing residents do after the new units are occupied. If the new households whose housing will be improved due to the programs also gradually improve their economic lot, then the community gains will also expand through time. The skills and work that the residents bring to the community may well strengthen the economic base of the suburban area if these skills and work strength are employed.

Finally, the long-run indirect impact of the new households on taxes and service levels will depend on the reactions of the existing residents. Once again, the question of stability is raised. If the older households accept the new and do not flee from them, both can benefit. If the more affluent leave or no longer are attracted into the area in as great numbers, then the effect will be negative.

## D. SCHOOL QUALITY

Since the costs of education make up a very large part of every community's budget, the factors discussed above are very relevant to the subject of school quality. In fact, if money were the only determinant of school quality instead of merely an important one, we would have labeled the previous section "Property Taxes, General Service Levels, and the Quality of Education." We would then have pointed out that everything we had to say about the impact of the housing programs on the fiscal health of suburban communities also applies to the schools. We would have emphasized the wisdom of estimating the number of children included among the new residents to be admitted to the suburbs, to make sure that the programs that help them enter permit the amount of money they contribute to the local public treasury to equal the local school district's average cost of schooling that many added pupils.

Such a dollar-oriented view of the impact of the new households on the quality of education should not be ignored. Teachers and those who maintain and administer schools do have to be paid, as do the contractors that build new schools. If all other things are equal, the more money there is to pay these contributors to our educational system, the better the system will be. But all other things are not equal. The quality of the school system depends also upon many non-economic factors. The way the school is run and what it is teaching or seems to be trying to teach the young can also be sources of conflict only partly related to differences in the financial results brought about by alternate policies.

The members of any particular class tend to have a fairly uniform idea of what they want from the school system. Writing in the Charles F. Kettering Foundation sponsored educational supplement of the Saturday Review, Peter Schrog summarized what the more affluent middle class who moved to the suburbs after World War II wanted from their schools: "For the successful in the suburbs the schools became contractual partners in a bargain that trades economic support (higher taxes, teacher salaries, bond issues) for academic credentials and some guarantee of advancement in the form of college admission."[15]

However, as Gans pointed out in his classic study of Levittown, N. J.,"the working class who inhabit some suburban communities have a different view of what the school system should provide."[16] The working class parent is generally supportive of an education system that concentrates on operating economically and instilling the vitures of early self-sufficiency. They feel that the job of the school is to produce economically self-supporting youngsters who do not need four more years of college plus graduate school before they can earn a living. The working class parent sometimes even fears those options which promote upward mobility since this mobility is apt to draw their children away from them both psychologically and physically. They rarely see the need for "extras" such as music lessons, drama, ballroom dancing and other "social frills."

Thus, there is often conflict even between the various groups that now inhabit the suburbs. Usually each community receives the type of educational system its majority supports. But if the minority is either sufficiently large or vocal, this generally occurs only after a long, bitter struggle.[17]

It is interesting to identify the reactions of the minority who do not get the type of school system they desire or who are thwarted in some other significant area of their lives. If the minority is affluent its members generally elect to move to a more compatible community. The less affluent are often forced to remain and conform to the majority's wishes. Thus, paradoxically too great a heterogeneity within a community tends toward homogeneity through a voluntary exodus or enforced conformity of its members.

The schools of the various suburban areas are the product of the majority groups that inhabit the areas today. There is evidence to suggest that these schools may be disruptively impacted if significant numbers of former central city pupils are assigned to them without any special attention being paid to the problems that such assignments might bring. The most recent and well-documented evidence is found in a special research report of a study conducted by the Syracuse University Research Corporation of disruption in urban public secondary schools.[18]

However, the need for special planning to precede the movement of significant numbers of central city students to the suburbs was pointed out to us in an interview with one of the local school officials before the nationwide Syracuse study was released.

The Syracuse University Research Corporation study confirmed the fact that a large proportion of our urban public schools have suffered disruption: 85% of the urban schools responding to their survey had experienced some type of disruption in the past three years. The most common were student boycotts, walkouts, or strikes; teacher boycotts, walkouts, or strikes; arson, property damage other than arson, rioting, student-teacher physical confrontation, picketing or parading, presence on campus of unruly, unauthorized non-school persons, and abnormal unruliness. Racial issues were a factor in a significant proportion of these disruptions.

Studies like the Syracuse study are extremely valuable because they face and reveal the existence of a problem; it is unfortunate that few such scholarly reports on the problem exist. They point out that we have several elements in our society that work to encourage such disruptions, particularly on the part of those who have long been poor and discriminated against. They also point out that the ghetto environment that many of the young people must return to each night makes it particularly difficult for them to "perform more or less like their middle class compatriots."[19] The program that will provide suburban housing opportunities will take the pupils out of such environments and, if they are sufficiently sensitive and comprehensive, could help them adjust to a new environment that they live in and are not bused to.

The Syracuse study also indicates that there was a series of complex "in-school causes" for the disruptions. These causes included some "cross-cultural clashes" due partly to the difficulty that teachers and staff have in making needed adjustments to changing social mix. The schools of the Miami Valley region can prepare themselves for the new students so as to make the adjustments required for educational quality.

The knowledge of what could go wrong can make possible the development and implementation of programs that bring the new households into the educational system of the suburbs without disruption. This is especially true of the MVRPC plan which calls for the entrance of a relatively small number of low and moderate income households into the suburbs. We present some additional suggestions on this subject in Chapter IX. Once again, neighborhood stability will be a significant factor in achieving improvement of, or at least maintaining, education quality. If the more affluent begin to leave the neighborhoods or the schools, it will be increasingly difficult to maintain the economic or social viability of the educational system.

## E. SOCIAL ORGANIZATION

We have cited urban experiences to demonstrate the apparent and possible positive and negative effects of programs that permit the construction of needed housing for low and moderate income households in the suburbs. We have also pointed out the critical factors that will interrelated to determine the effects, and tried to suggest how the suburbs can benefit from the urban experience of recent decades.

The importance of not duplicating the pattern of social organization that has typified the recent urban experience of the low and, to a much lesser extent, moderate income households, is too obvious to warrant lengthy discussion. In fact, one of the basic goals of the Miami Valley Regional Housing Plan is "to create and/or maintain sound, viable neighborhoods in the process of housing those people."[20] Today's urban ghettoes are usually too shabby and functionally obsolete. Street patterns and public service facilities are frequently obsolete or inefficient. Lot layouts are often inappropriate for both public and private facilities, while many existing housing structures are overcrowded or in less than standard condition. The social environment may also be undesirable. Households with differing capacities, abilities, motivations and life styles are often forced to live together because they are poor or black. Thus, the prostitute and the thief are not separated from the family trying to advance economically and socially through legitimate channels. The latter must be given the opportunity of escaping from the physical and cultural poverty of his surroundings.

There is little to suggest that new and healthy patterns of social organization would result from merely providing new housing for those who are now unemployed, alienated, and socially disorganized.[21] A greater number of low income inhabitants of the present central city slums are more likely to be disoriented and prone to socially and self-destructive acts than an average sampling of the American population. Therefore, a random selection of the central city low income population would tend to be socially disorganized. But there is no reason why those who accept the opportunities presented by the expansion of subsidized low and moderate income housing programs in the suburbs should be randomly selected. In fact, our survey suggests that a self-selection of such opportunities by low income households would be far from random.

The social organization that will result as suburban housing opportunities are grasped will depend upon the make-up of the households that are involved and the social patterns that they are allowed to create. One bad example already exists in the Miami Valley Region. We were shown one subsidized rental housing project in a suburban community where students who "paid the full rent" were allowed to move into some of the apartments of a project that also housed low income families. The families were given little help in adjusting to this new environment and no choice as to their neighbors in the project. We were told the students not only "generally raised hell" but also used and sold drugs. When we asked why the students were allowed to move in, the reply was, "The federal regulations require that a proportion of non-subsidized tenants be included in all such projects."

The project we are referring to was built in a predominantly rural portion of the region before the MVRPC plan was completed. It demonstrates the need for careful implementation of programs that provide suburban housing opportunities. There has been little opportunity for such experiences to be gained. But the experience gained by leaders in the innovational development of low and moderate income housing in suburbia, such as Dorothy Duke, suggests that strong and beneficial patterns of social organization can be developed.[22] It appears likely that successful efforts will concentrate on helping those who have the capability and incentive to adopt beneficial patterns of social organization to do so in a decent housing environment, instead of concentrating on providing therapy to those who do not want to do so. It also appears more than likely that the 14125 housing units that the MVRPC has called for can be filled with such people.

## F. SOCIAL STABILITY AND STATUS

Many of the possibilities for beneficial results that have been discussed above depend to some degree on the maintenance of social stability following the announcement, construction, and habitation of the new housing. It is important that the level of social heterogeneity introduced into the neighborhood or community be maintained. As we have indicated, this can only happen if the neighborhood or community continues to be attractive to the type of people that lived in it before the housing programs were inaugurated. Such social stability can be achieved, but the experiences of those who have achieved it suggest that this is not easy.

The problems and opportunities for social stability were explained to us by Morris Milgram and his wife, Jean Gregg Milgram, the Executive Director of National Neighbors, an organization of interracial neighborhood associations. Mr. Milgram, a builder and developer who has worked for years at building and operating mixed racial developments, says stability can best be achieved if the rate of in-movement is carefully controlled. He said that there was no single "tip point" after which a mass exodus took place, but that the flow of new residents is constantly being observed by those who live in the development or are considering moving in.

Because of racial bias, it is difficult to maintain a new level of stability once a new racial group has been introduced. But it does happen - and with increasing frequency. However, a second element is introduced by class heterogeneity. Furthermore, there are some basic forces that work to preclude the development of extremely heterogeneous neighborhoods.

The MVRPC was cognizant of the importance of maintaining neighborhood stability and thus their plan concentrated on the goal of providing opportunity for all the region's households rather than promoting large scale class integration on the neighborhood level as a social goal per se. However, it is important to point out the relationship between social stability, status and class heterogeneity since some of our national policy makers hold conflicting social goals implicitly as well as explicitly.

The desire for exclusive residential enclaves is directly related to the degree of class mobility within a society. In societies with entrenched caste systems, in which every person knows his/her place, status is not determined or announced by residential location.

In our society, upward mobility has been a prerequisite to a move to an exclusive residential location. Gans states, "People do not live in the political units we call 'cities' or 'small towns'"; often their social life is in areas even smaller than a census tract. Many such areas in the city are about as homogeneous in class as Levittown; and slum and high-income areas, whether urban or suburban, are even more so. Small towns are notoriously rigid in their separation of rich and poor, and only appear to be more heterogeneous because individual neighborhoods are so small. All these considerations effectively question the belief that before the advent of modern suburbs Americans of all classes lived together. Admittedly statistics compiled for cities and suburbs as a whole show that residential segregation by class and by race are on the increase, but these trends also reflect the breakdown of rigid class and caste systems in which low-status people 'knew their place' and which made residential segregation unnecessary."[23]

Gans' penetrating study of Levittown, N. J., suggested that extreme heterogeneity encouraged more conflict than integration. He concluded that "while conflict can be desirable and even didactic, this is only true if it can be resolved in some way. People so different from each other in age or class that they cannot agree on anything are not at liberty to derive much enrichment from heterogeneity."[24]

Extreme heterogeneity is generally accompanied by vast differences in child rearing practices, social customs, future versus present orientations to life, and a host of other values, attitudes and preferences that are often included in the term "life style."

One generalization appears to be true and must be considered as it relates to the goal of establishing heterogeneous neighborhoods: each group holds its own life style to be the appropriate one, while viewing those which differ with varying degrees of mistrust and hostility.

What are some of these life style differences? Bennett M. Berger in his study of auto workers in suburbia states that the "working class suburbs are not characterized by future orientation, asperations for personal achievement, etc."[25] Their orientation to life influenced leisure time activities, friendship cliques, child rearing practices, and practically every other facet of life. For example, these working class families seldom sought friends from place of work or the neighborhood; rather, the church and relatives were the primary sources for socializing. The working class household seldom entertained. For example, "Wine with dinner is not conceived as a nice middle-class habit, wine with dinner is a 'Dago' habit - something that goes with spaghetti, ravioli, and lasagna."[26] Berger's study revealed that television was the main source of entertainment, with westerns and sports shows being most preferred since they were not identified with middle-class life styles.

In contrast to the middle-class mother who spends many of her hours reading and discussing child rearing practices, Berger found that 43% of the working class mothers read nothing at all on child rearing. Twenty-six percent said they did read books on this subject but disagreed with the conclusions. Most were proud to disclaim, "I don't go by the book."

In neighborhoods with highly diverse life styles, child rearing practices often become a major source of conflict. For example, the working class mother tends to be strict with the very young child and very permissive with the adolescent. The upper middle-class mother generally reverses such practices. Should these women live near each other, conflict is likely to arise at both child rearing stages. When their respective toddlers fight over a possession, one mother will feel the child should be disciplined, the other, that the child should not be remonstrated since he is just going through a natural stage in development. During the teenage period, the upper middle-class mother expects her child to study seriously so that he can get into college; therefore, she watches his time allocation closely. The working class mother permits her teenager a great deal more freedom since he (or she) will soon be on his own and taking responsibility for his own actions.

While conflict may induce enforced conformity, not all conformity can be so classified. Gans specifies three types:

1. "Wanted conformity where neighbors learn from each other to share ideas voluntarily.

2. Tolerated conformity is where they adjust their own standards voluntarily to maintain friendly relations.

3. Unwanted conformity is a bow to pressure and the giving up of individuality."

According to Gans, the working class generally experiences this kind of situation.[27]

If the first type of conformity is encouraged, neighborhood stability will be preserved. If the second type is forced, stability may not result because many of the suburbanites have the economic power to move - and may do so. Certainly this is true for the third type of conformity that Gans cites.

Thus, the preservation of stability depends upon developing housing patterns that primarily require the first type of conformity, little of the second, and none of the third imposed on suburban residents. The following chapter reports on our attempt to gain empirical insight into the factors that make such housing developments possible.

## VII. WHAT FACTORS GO INTO MAKING A STABLE MIXED RESIDENTIAL COMMUNITY?

> "The most impressive thing to me about the entire Hyde Park-Kenwood experience is that various segments of the community found the will to modify their initial positions to accept less than they liked and to work together over a long period of time to make the compromise a reality."[1]

### A. A NATIONWIDE SAMPLE OF MIXED RESIDENTIAL NEIGHBORHOODS AND COMMUNITIES

Chapter VI has indicated that the manner in which the arrival of low and moderate income households into the suburbs will affect critical aspects of the neighborhood environment is closely linked to the question of neighborhood social stability. To gain insight into the causes or likelihood of stability, we sought examples of what is happening in the United States to areas that contain one or all of the following kinds of mixing or integration:

1. Economic - Households with widely diverging incomes living in the same block, neighborhood, or community.
2. Socio-Cultural - Households with greatly differing values and life styles (i.e., differing household types) living in the same block, neighborhood, or community.
3. Racial
4. Structural - Single-family and multi-unit dwellings being mixed in the same block, neighborhood, or community.

Ninety-one questionnaires were sent out asking initially: "Do you know of any residential areas that provide housing for low and moderate income households that contain a wide range of economically, socially, or racially divergent residents and/or contain a variety of structural types?

Yes ( ) If so, please continue with Question II.

No ( ) If not, please feel free to comment."

A copy of the complete questionnaire is presented in Appendix H with a cover letter that accompanied it. Respondents were asked to fill out the questionnaire or if they preferred to call us collect at our San Francisco office.

The questionnaire was open-ended but it did ask for comment on whether the mixing had been a success or failure. How stable do they believe the present mix to be and what do they think the future make-up of the area would be? We also asked, what impact has the area or project had on the larger community?

The list of individuals to be mailed questionnaires was initially compiled by the Miami Valley Regional Planning Commission staff and by us. However, as the study progressed and we talked to housing experts, additional names were referred to us and added to the list.

The final survey included regional and local planners, redevelopment personnel, developers, professors, housing commission members, and HUD officials. Forty-five percent of all those receiving questionnaires responded by completing the form or by telephoning us. Fifty percent of all those who responded stated that they did know of at least one development or neighborhood that was heterogeneous in make-up and described the area in terms of its location, size, type of development or project, and the type and degree of mixing.

## B. TYPE OF RESPONSES RECEIVED

Perhaps the first important finding of this survey of knowledgeable housing experts is the fact that 50% of the responses were negative: that is, the respondent did not know of any area that was significantly integrated in terms of race, economic, or socio-cultural mix. This is not surprising, but it does tend to confirm the commonly held belief that we are a nation of relatively homogeneous neighborhoods. Table 25 presents the geographical sample distribution. The Northeast accounted for the largest number of sample replies, or 10 more than the Southeast which contained the fewest. The West/Southwest had the highest response rate; the Northeast the lowest. The Midwest and Northeast made more positive nominations, while the West and Southeast the fewest.

All but two of the 19 nominated communities were located in central cities, many being part of urban redevelopment projects originating in the 1950s. The two exceptions are the "new towns" or Columbia, Md., and Reston, Va.

## TABLE 25

## GEOGRAPHICAL DISTRIBUTION OF RESPONSES

| Geographic Area | Positive Nominations No. | % | Negative Responses No. | % | No Response No. | % | Total of Mailed** Questionnaires No. | % |
|---|---|---|---|---|---|---|---|---|
| Northeast* | 7 | 25 | 4 | 14 | 17 | 61 | 28 | 100 |
| Southeast | 2 | 11 | 6 | 33 | 10 | 55 | 18 | 99 |
| Midwest* | 8 | 38 | 1 | 5 | 12 | 57 | 21 | 99 |
| West/Southwest* | 4 | 17 | 9 | 37 | 11 | 46 | 24 | 100 |
| Total | 21 | | 20 | | 50 | | 91 | |

*The geographic section contains at least one project or community which has been nominated by two or more individuals.

**Total does not equal 100% due to rounding.

We have not verified the accuracy of either the descriptive or evaluative responses, though we were impressed with the knowledge and thoughtfulness of many respondents. A summary description of the 19 areas that were discussed by the respondents is presented in Appendix I. We received two differing descriptions of Mount Airy in Philadelphia and have presented both in Appendix I ; the respondents may have been referring to different parts of Mount Airy. We also received three descriptions of San Francisco's Diamond Heights area but since the information received was similar they are reported as one.

It was interesting to note that one respondent felt that the City of San Jose, Calif. should be included as a project since it did contain neighborhoods which differed from each other in respect to the demographic and socio-economic make-up of residents. We are including this nomination not only because we want to report all replies we received, but also because it indicates that even a fast-growing city conforms to the typical citywide patterns noted in Chapter III. That is, the traditional role of the city has been to sustain a wider range of homogeneous neighborhoods than is found in the suburbs. This is because the oldest housing of most regions, sought by the poor because they can afford it, is usually found in the central city.

The size of the 19 nominated areas varied considerably. Five communities were 1000 acres or less, while seven were from 2000-7500 acres. The smallest nomination consisted of 125-175 acres; the largest, the City of San Jose. In addition to San Jose, there were six "no answers" to this question. An analysis of the survey responses does not suggest any direct relationship between the size of the community and the success of the project. Excluding the two new town communities of Reston and Columbia, none of the respondents nominated an existing suburban community which was integrated by race, class, or socio-cultural mix.

## C. THE 19 NOMINATED AREAS GROUPED BY TYPE OF ECONOMIC MIX

Table 26 categorizes the responses we obtained by grouping them first into six categories based on the kind of economic mix that was indicated.

Two project nominations, the Lower East Side in New York and the Lynn Corporation development in Indianapolis, fall into the first categorization which contains a range of "low to moderate" income households. Although both were described as extremely heterogeneous in the socio-cultural, racial, and structural mix, neither was evaluated in terms of the project's success.

Five areas were depicted as containing "low to high" income residents. These areas are:

Mount Airy Neighborhood - Philadelphia, Pa.
South End Neighborhood - Boston, Mass.
Lincoln Park Community - Chicago, Ill.
Park Hill - Denver, Colo.
The City of San Jose, Calif.

This category includes two sets of responses for Mount Airy, Philadelphia. As indicated above, the discrepancies between the two descriptions of Mount Airy may be due to the fact that the respondents were depicting different geographic entities. However, this is only a hypothesis since neither answered the question dealing with the size of the area. Mount Airy elicited two differing evaluations of the success of the community. One stated unequivocally that Mount Airy was a nationally known example of a successfully integrated project. The second gave a more qualified evaluation of the project's success and commented that the families moving into the large homes generally send their children to a private school. This would suggest an area which provides a good housing buy for the family desirous of obtaining more housing space and quality than could be purchased in an area which provides "good schools" as part of a higher social status package. Thus, for some it may be more desirable and less costly to send their children to private school than to purchase an equivalent house in an area noted for its good schools.

## TABLE 26

## CHARACTERISTICS OF THE POSITIVE NOMINATIONS AS DRAWN FROM THE NATIONAL SURVEY

| | |
|---|---|
| LOW TO MODERATE INCOME (UNDER $10,000) - 2 Responses | |
| Socio-Cultural Mix: | 2-Extremely heterogeneous in terms of age and life cycle status, occupational diversity and ethnicity. |
| Racial Mix: | 1-White, Black, and Oriental (no percentage breakdown)<br>1-Over 50% Black |
| Structural Mix: | 1-Mixture of multi-family units<br>1-Mixture of multi and single-family units |
| Number of Units: | 1-Under 5,000<br>1-No answer |
| Degree of Success in Terms of Stability and Organization: | 2-No answer |
| LOW TO HIGH INCOME* - | 6 Responses |
| Socio-Cultural Mix: | 6-Extremely heterogeneous in terms of age and occupational status. |
| Racial Mix: | 1-Mixed (no percentage breakdown)<br>1-Under 20% Black<br>3-20-50% Black<br>1-Over 50% Black |
| Structural Mix: | 1-Single-family only<br>1-Mixture of multi-family<br>4-Mixture of multi and single-family |
| Number of Units: | 1-5,000-10,000<br>2-10,000-20,000<br>1-Over 20,000<br>2-No answer |

TABLE 26 (cont'd)

CHARACTERISTICS OF THE POSITIVE NOMINATIONS
AS DRAWN FROM THE NATIONAL SURVEY

LOW TO HIGH INCOME* (cont'd)

| | |
|---|---|
| Degree of Success in Terms of Stability and Organization: | 1-Families with children moving out due to increase in gang activity with concomitant increase in childless population and single adults.<br>1-Professionals moving back into area. Community organizations have helped to stabilize neighborhood by working to maintain a single-family area and the quality of education. Class friction evident.<br>1-Mt Airy Neighborhood Example of nationally known successfully integrated project.<br>1-Community organization active. Families moving into large homes send children to private schools.<br>2-No answer |

*This category includes the City of San Jose. It also includes the response data from two questionnaires which give disparate descriptions of the Mt. Airy Neighborhood in Philadelphia. One respondent said Mt. Airy contained 60% black, 15,000 housing units, and 26% of the households with incomes in excess of $10,000. The second said the area was 30-40% black, that it contained 5,000-10,000 units, and that 40% of all households earned in excess of $20,000. These discrepancies may be due to the fact that the description encompassed different geographical areas. Neither respondent identified the size of the area on the questionnaire form.

TABLE 26 (cont'd)

CHARACTERISTICS OF THE POSITIVE NOMINATIONS
AS DRAWN FROM THE NATIONAL SURVEY

MODERATE INCOME (OVER $5,000 - UNDER $15,000) - 5 Responses

| | |
|---|---|
| Socio-Cultural Mix: | 5-Not a great diversity. Most households are family units. |
| Racial Mix: | 2-Under 20% Black<br>3-80-100% Black |
| Structural Mix: | 1-Single-family only<br>2-Similar multi-family units<br>2-Mixture of multi-family units |
| Number of Units: | 2-Under 1,000<br>2-5,000-10,000<br>1-10,000-15,000 |
| Degree of Success in Terms of Stability and Organization: | 1-No housing mix but racial mix stable at 11%.<br>1-No racial mix but housing mix.<br>1-Racial mix (20% black) but no class mix.<br>2-No answer. |

MODERATE TO HIGH INCOME (OVER $6,000) - 4 Responses

| | |
|---|---|
| Socio-Cultural Mix: | 4-Not a great diversity in terms of class. Mostly family households. |
| Racial Mix: | 2-Under 20% Black<br>1-20-50% Black<br>1-No answer |
| Structural Mix: | 1-Multi-family only<br>3-Mixture of single and multi-family units |
| Number of Units: | 1-1,000-5,000<br>2-5,000-10,000<br>1-No answer |
| Degree of Success in Terms of Stability and Organization: | 3-Racial but no class integration<br>1-No answer |

TABLE 26 (cont'd)

CHARACTERISTICS OF THE POSITIVE NOMINATIONS
AS DRAWN FROM THE NATIONAL SURVEY

| | |
|---|---|
| OTHER ECONOMIC MIXES** | - 2 Responses |
| Socio-Cultural Mix: | 2-No answer. |
| Racial Mix: | 1-50% Black<br>1-No answer |
| Structural Mix: | 2-Wide variety |
| Number of Units: | 2-1,000-5,000 |
| Degree of Success in Terms of Stability and Organization: | 1-Not been in existence long enough to answer.<br>1-No answer. |

**Could not specify as to economic mix. One area was classified as diverse and the other is currently in the process of being rented.

| | |
|---|---|
| ECONOMIC MIX - NO ANSWER | - 1 Response |
| Socio-Cultural Mix: | 1-Heterogeneous in terms of occupational mix |
| Racial Mix: | 1-95% Black |
| Structural Mix: | 1-Mixed single and multi-family units |
| Number of Units: | 1-Under 1,000 |
| Degree of Success in Terms of Stability and Organization: | 1-Class but no racial integration |

All five of these areas were stated to be mixed racially and in the socio-cultural sense. Three were said to provide a diverse housing mix, while the South End neighborhood in Boston and Denver's Park Hill area consist primarily of single-family residences. The Mount Airy area was described alternatively as providing a mixture of multi-family units and as providing a combination of single and multi-family residences.

These five low to high income projects attracted a variety of responses to the questions which sought an evaluation of their success. A summary of the responses includes two "no answers," one indication of unstability and a resultant change in the household make-up, one qualified success story, and a more lengthy description of a designated successful project.

Neither San Jose nor the South End neighborhood project answered the question which dealt with success. The Lincoln Park community in Chicago was described as an area in transition. The respondent indicated that families with children were moving out because of an increase in gang activity. However, he also felt there appeared to be a concomitant increase of single adults and childless households.

The Park Hill community in Denver, Colo., was stipulated a successful project. The respondent in this instance was an "expert" in two respects. Professionally, he had worked in the area as a member of the planning community in addition to being a resident. He believes that attitudes related to economic groups create more neighborhood friction than those related to racial integration. He strongly suggests the community organizations have had a positive impact upon the stability of the area - that they have promoted a well maintained, single-family area and have attempted to improve the school system. A May 3, 1970, Denver Post newspaper article describing the Park Hill community makes reference to some of these organized efforts. A general description of the area includes the following: "The houses are imaginative and different, with a wide range of styles that includes Spanish, English, and Colonial and ranging in value from $10,000-85,000. Whether modest or mansion, most are set in lawns that show much loving care." We know from our regional survey, as well as the literature search, just how important the maintenance of the exterior house and yard is to the suburbanite neighbors. The community organizations have also served to promote an increased enforcement of housing codes and have attempted to keep commercial activities from encroaching on the existing neighborhoods. The article goes on to detail that, "much attention is paid to the school system, trying to get more minority teachers, urging that minority history be taught, setting up a human relations commission."

Perhaps an integral part of this project's success, as well as the success of others, is the process of self-selection. Thus, "people who move into Park Hill most often do so because of their belief in participating in an integrated society." The article points out the paradoxical situation that "just as often they find they really aren't getting to know any of their neighbors." However, the community organizations do appear successful in bringing together diverse groups in formalized get-togethers such as wine-tasting parties. Thus, it appears that friendship relationships continue to depend on more than physical proximity.

The third major category of areas presented in Table 26 includes five that are primarily inhabited by moderate income family households. Three of the areas - Hempstead, River House Apartments, and Stone Keygate - are either primarily or entirely inhabited by black households. Uniondale and the Lafayette-Elmwood projects contain less than 20% minority group members. Two of the five projects provide a mixture of low and high-rise apartments. Two provide homogeneous apartment structures, while one consists of only single-family detached houses.

Since the five areas are categorized by their relatively limited economic range, the successful mixing evaluations must be based on other criteria. Uniondale and Lafayette-Elmwood are considered to be examples of a stable racially integrated area. Eleven percent of the Uniondale households are minority group residents, while the Lafayette-Elmwood project consists of 19% black in its low-rise and 10% black in its high-rise apartments. The Hempstead project was said to be mixed solely in terms of its housing structures. None of the three was postulated to provide an example of class integration. No evaluations were given for the Stone Keygate and River House projects.

We were sent additional background material on the Elmwood Park area which is now in the process of constructing some low income units to be located in Elmwood III. The impact of these unfinished units is of course unknown at this time. Initially, low income blacks were moved out of the area and their housing cleared to create new housing for middle income white and black residents. Currently the middle income parents send their children to all but one of the public schools in the area. The exception is an elementary school that serves an adjacent lower income population. A description of the area furnished by the Mayor's Committee for Community Renewal states, "It is obvious that unless parents feel their children will have a significant number of similarly raised friends in attendance, they will not send their children to school."[2]

Four projects are designated as communities containing moderate to high income households. Each was thought to provide little diversity as to socio-cultural mix and each was thought to consist primarily of family households. All four areas were described as racially integrated and were believed to contain a variety of structural units, with three providing both single-family and apartment residences. The four areas were:

Columbia, Md.
Reston, Va.
Diamond Heights - San Francisco, Calif.
Hyde Park-Kenwood - Chicago, Ill.

The report on Reston did not contain a discussion of the success of the new town. The three respondents who presented data on the San Francisco Diamond Heights redevelopment project feel that it has successfully mixed the moderate with the middle income. They attribute a good measure of this success to the fact that all of the moderate income households have been carefully screened. Despite this fact, one respondent remarked that sales are slower directly acress from the moderate income units than elsewhere in the project. They also commented on the beneficial effect of designing fourplexes to look like two individual townhouses.

Respondents reporting on the Columbia and the Hyde Park-Kenwood areas state that these are examples of successful racial, but not class, integration.

We learned from a telephone conversation with one of Columbia's planners that Columbia contained no welfare or aid to dependent children families. The lower moderate income households consisted of younger households of similar class status. He pointed out that the 235 and 236 households were generally young couples, secretaries, or divorcees. Reston also informed us that they currently had no low income residents and that their moderate income housing was generally sought by young families. However, they have plans to build 10 public housing units at some future time. The River Acres project in Mt. Clemens, Mich., has provided 20 scattered public housing units in its 450-unit development. Excluding the City of San Jose as not being directly comparable, the River Acres community is the only nominee currently providing public housing options.

We received supplementary background material on the Hyde Park-Kenwood area in the form of a well-documented case history of the community provided by an illustrious resident, Muriel Beadle.[3] She pointed out that the purpose of her article was to identify the trials that community has already suffered so that other communities could learn from them. In describing the turmoil brought about by divergent group pressures and values within the community, she wrote, "The local answer has been that integration cannot succeed unless the class level and customs of the two groups are approximately equal."[4] She explained that the bitterest pill that the community had to swallow "was to accept the fact that the stated objectives of conservation and renewal could not be obtained unless (1) the community accepted integration, (2) treated integration as a class problem, and (3) discriminated against lower income families and individuals."[5]

Thus, the population of the area decreased from approximately 76000 in 1956 to 55000 in 1966. Concomitantly, the black population decreased from 49% in 1960 to approximately 38% in 1966 - because most poor black families were forced to move out. Mrs. Beadle said that while Hyde Park has accepted a small proportion of public housing projects, these have been small units, "low rise in character and scattered to prevent 'downgrading' of community."[6]

Mrs. Beadle feels that the results to date, after many years of community struggle, are good race relations, although there is not and doubtless will never be a balanced racial mixture on the block. She points out that while all 17 census tracts in the 1960 census include Negroes and whites, the percentages vary from 99% white in one to 96% black in another. She wrote further that, "balancing this pattern of housing is an uncommon amount of joint usage, by all races, of community facilities and of joint participation in community activities."[7]

Mrs. Beadle also discussed the costs associated with this community-wide undertaking. Naturally, the cost in community volunteer time is difficult, if not impossible, to calculate. However, she stipulated that by the time the "books" were closed there were more than $46 million of expenditures in public funds and $250 million in private funds invested in the two-square-mile area over a five-year period. This includes the $29 million expenditure by the University of Chicago. To date, the university invests $300,000 per year for private police to protect the area. This expenditure has proved to be most effective: the crime rate has dropped 50%, with the results that this area now boasts of one of the city's lowest crime rates.

We do not discuss the three remaining projects in detail because of the scanty information on them. These are classified as "other" and "no answer" in Table 26. However, it is important to point out that the River Acres-Mt. Clemens, Mich., project was the only nomination that claimed to be a successful example of class integration. The community, which is 95% black, is said to contain a mix of welfare, blue collar, white collar, and professional households.

## D. CONCLUSIONS DRAWN FROM THE NATIONAL SURVEY

While making no claim that the national survey is exhaustive, and realizing that therefore we may be ignorant about some existing success stories, the findings have led us to make the following tentative conclusions:

1. Our country currently contains few successful examples of areas integrated in terms of either race, economic, or socio-cultural mix, and the majority of those that do exist are located in central cities.

2. The Gruen Gruen + Associates survey was not able to uncover a single example of an area which consists of a successful three-way integration. Thus, for example, the only area which claimed success in mixing households of different classes was a primarily black community. Two of the projects that had achieved a stabilized racial integration did so partially by the process of expelling the lowest income residents through slum clearance projects. In addition, all areas which have achieved a stable racial mix have had to control the proportion of minority households.

3. The mixing of structural units appears to be the easiest mix to achieve. There are nine areas which provide a mixture of single-family and apartment dwelling unit options. However, many of these refer to the efforts that have been taken to control the attractiveness of the area.

4. The most successfully integrated areas have had active and powerful community organizations which work to provide a safe, harmonious, and attractive environment with special emphasis given to the protection and improvement of the school system.

5. The most successful projects are those in which residential self-selection has played a prominent part. This is of course particularly relevant for higher income residents who have numerous other housing opportunities.

6. This survey includes no successful example of mixed communities which are integrated on a social relationship rather than a physical nexus basis. Despite the efforts of community organizations to sponsor "get-together" activities, these activities are generally conducted on a formal basis and have not led to widespread informal friendship relationships.

## VIII. WHAT WILL WORK

> "...as far as I'm concerned, a policy that involved forced integration of the suburbs or racial balance would fail; that it's not a sound policy; and this department is not undertaking a policy of racial balance or racial quotas or forced integration, or anything of that character."[1]

### SOURCES OF DIRECTION FOR SOLUTIONS

The research and analysis conducted during the last nine months was aimed at exposing the complex factors that prevent the housing programs that assist financially limited households from being used anywhere but in older central city neighborhoods. It was also the hope of the Miami Valley Regional Planning Commission that our work would indicate directions for finding solutions to this problem. We believe that the results of our study do this - that they point to solutions that, if implemented, will benefit the occupants of the new housing, the suburban communities in which the new units will be located, and the quality of housing available to all the residents of the region.

The directions we received came from several sources. The low and moderate income households we interviewed provided guidelines by describing their needs. This knowledge not only points some clear directions, but suggests some that do not aggravate suburbanites' fears which could inhibit the program. The suburban responses summarized in Chapters III and IV suggest another set of guidelines that must be followed, directions that, as we indicate in Chapter V, they have also given to their public officials.

Further guidelines are provided by the urban experiences cited in Chapter VI that indicate the type of dangers that must be prevented if the effects that the suburbanites fear are to be forestalled. In that chapter we have also attempted to point out the critical social and economic factors that interrelate to determine the impact of expanding low and moderate income housing opportunities into the suburbs. The MVRPC already has completed a series of housing component studies that enable it to appraise the present state of these factors in the region.

If the knowledge gained from these various sources is acted upon, it can be expanded into solutions through programs that combine action with a continuing monitoring of relevant factors. The direction we draw from the research will be described below.

Our evaluation of the existing tools or federal housing programs in terms of their ability to be used to take action in the indicated direction, and our suggestions concerning needed new tools, are presented in Chapter IX.

The responsibility and resources for taking the required action must be placed in the hands of the MVRPC and the public agencies it works with on local, state, and federal levels. These guidelines cannot merely be turned over to the private housing "delivery system." We say this not because we feel that system to be either inadequate or unwilling. Quite to the contrary: The real estate brokers, housing contractors, land developers, bankers, and mortgage brokers we talked to in the course of this study indicated that the construction industry was not impeded by complex social or political motives. They will build housing when it is profitable for them to do so, but this is true whether or not the resultant product meets the following directions or criteria.

### 1. A Wide Variety of Structural and Locational Options Must be Offered

There is a tendency for all of us to lump those who differ from us into a single undifferentiated group. This is especially true of those who have less money than we do. In the time of Charles Dickens, those at the bottom of the economic ladder were frequently called "the undeserving poor"; today we tend to categorize them as "the deserving poor." Neither categorization is useful because it implies a uniformity of preferences and life styles that does not exist or suggests the disastrous and ridiculous notion that these people should live in the manner prescribed by someone else.

The low and moderate income sample we interviewed had very definited preferences for the various structural types we showed them. The suburban respondents were shown the same set of pictures and were asked to say how they felt such buildings would fit into their neighborhoods and communities. Some of the structural types that were liked by many of the low and moderate income households were disliked by many of the higher income suburbanites. But there were several types that were acceptable to both. Thus, if these interviews had been used to suggest the kind of structures that should actually be designed and built, it would have been possible to select structural types that satisfy both those who will live in and next to the new units. The programs under which the units would actually be built should also offer such a selection.

The low and moderate income households we interviewed differed dramatically in where they preferred living. Many, as indicated earlier, wanted to stay in their old neighborhoods or at least to live in a socially familiar environment, while others wanted to move into the suburbs. Some could benefit economically from such facilities as child care centers. The majority wanted to live in neighborhoods with those of their own class but to share community facilities with members of other socio-economic classes. A minority wanted to live scattered among the existing suburban residential neighborhoods with neighbors of higher income. But most significantly, those who picked this option tended to be in the moderate income group and have characteristics to suggest they are or would be upwardly mobile and want to conform to the standards of such neighborhoods.

Thus, only a wide variety of locational options could serve the divergent needs of those who will need assistance to buy or rent new housing. The availability of many possible options would also be much more likely to permit the selection of options that meet the needs of low and moderate income households without creating the effects that the suburbanites fear. There should be a maximum number of possible choices.

### 2. Eventual Home Ownership is Generally Preferable to Continued Renting

Home ownership is a goal of most low and moderate income households. Several studies suggest, in addition to the regional survey, that the greatest benefit and incentive for upward mobility that can be provided by any environmental factor is home ownership in a compatible neighborhood. The suburbanites also prefer seeing owner-occupied housing in their areas. The criterion of ownership appears to be particularly important in the Miami Valley Region which contrasts with many coastal cities in its relatively low proportion of highly mobile executives. This region's negative attitude toward the renter may alter as the region experiences more mobility of the executive class and as larger numbers of its wealthier citizens seek luxury apartment residences. However, wherever possible, ownership opportunities should be pursued. If home ownership is not feasible, then the ownership of an apartment unit should be pursued since it would provide many of the same psychic benefits.

### 3. A Viable Class Mix is Necessary if Neighborhood Stability is to be Preserved

Attempts should be made to establish a viable class mix on the neighborhood level. A viable mix would be one that permits and provides the opportunity for voluntary class integration on this level. Thus, those who want to live with households of differing classes could do so. However, extreme class heterogeneity should not be imposed on a neighborhood level. Not one of the suburbanites or representatives of the low and moderate income households we interviewed wanted to live in extremely class-heterogeneous neighborhoods. If such heterogeneity is imposed on a neighborhood level it is likely to produce friction, with the more affluent classes eventually moving out and failing to move in. Much wider degrees of class heterogeneity will be accepted within a community than within a neighborhood without inducing instability. The only likely exceptions to this neighborhood rule would involve situations where the less well-to-do classes form a conforming and permanently small minority. However, extremely broad "social balance" should be sought at the community, not neighborhood, level.

4. Low/Moderate Income Households Must be Informed, Counseled, and Directed Toward Housing Environments That will Serve Their Needs and to Which They Can Realistically be Expected to Adjust

A well trained and informed staff will be needed to properly accomplish the placement of lower income housing in the suburbs. Those who are eligible for the housing must be informed of the options available to them. This task cannot be left only to the developers of subsidized units. Many of those eligible will have no previous experience with purchasing real estate or making rental arrangements outside of the central city. Therefore, they will need "buyer's agents" to help them bargain with experienced sellers and rental agents and also to make sure that they fully comprehend the financial and maintenance responsibilities they must assume.

We believe that the needed counseling and informing agency should also become involved in the job of matching housing options to household capabilities and monitoring the results of various matchings. There should be a feedback over time so that future development can be improved to better serve the low/moderate income households. The initial placement should be based on the housing needs of those placed and their capabilities to adjust well in the new environment. Such placement should never serve as a substitute for needed social or psychological therapy.

5. The Housing Packages That are to be Constructed and the Support Programs That Must be Attached to the Packages or to Sets of Packages Should be Selected Initially and Reevaluated Periodically in Terms of Their Ability to Meet the Requirements of Low/Moderate Income Groups While Simultaneously Safeguarding and Improving the Environmental Features That are Important to the Older Suburban Residents

This study suggests that suburban communities will accept programs that expand low and moderate income housing opportunities _if_ the suburban features that they now enjoy are safeguarded and improved. This means that the housing "packages" must be developed within a framework of programs that assist financially limited families and individuals to pay for or rent new dwelling units, while simultaneously assisting the community facilities that will be called on to serve the non-housing needs of the residents.

The facilitating programs should include the following:

- Provisions to give the lower income occupants the resources and incentives for, or other guarantees of, property maintenance.
- Support to preclude the imposition of tax burdens or pressures for service reductions upon the suburban community.
- Support to preclude a drop in the quality of the local schools.
- Provisions for any additionally needed public services, such as child care centers and youth programs, and health, fire and police personnel.

### 6. Programs to Preserve and Enhance the Suburban Environment Must be Kept Credible

The Miami Valley Regional Housing Plan is an unusually well documented and prepared regional housing plan. Even more unusual, however, is the fact that the elected officials who represent their communities on the MVRPC approved the plan in a community-by-community role call vote. Twenty-six commissioners voted for the resolution, two abstained, and none voted against the plan. Some representatives voted affirmatively in spite of the fact that many of their constituents were hostile to the housing plan and particularly its target allocation of low and moderate income households to the suburbs. These commissioners voted for the plan in the belief that its implementation could be accomplished in a way that would not only provide the region with a more beneficial development pattern but also work to benefit their own communities.

For very practical reasons the implementation of the plan must keep faith with their belief. The housing product includes physical and social elements that provide shelter and a host of psychological benefits. In one sense, housing is much like romance: expectations strongly influence our perceptions of the experience. The fact that many present residents of the suburban Miami Valley fear that some negative results will follow the entry of additional low and moderate income households into their communities increases the likelihood of adverse effects. Thus, the efforts to preserve and enhance the suburban environment must be effective. If they are, subsequent efforts in the Miami Valley and elsewhere will be more easily accomplished. If such initial efforts should fail, it will become increasingly difficult to find the opportunity to try again.

## IX. EXISTING PROGRAMS AND RECOMMENDATIONS FOR PROVIDING INCREASED SUBURBAN HOUSING OPPORTUNITIES

> "Why, after the battle is over and the people are in...well, you know, nobody pays any attention. It works. It really does work."[1]

### A. THE PROGRAMS AND THE CRITERIA

In the previous chapter we presented directions or criteria for use in conceptualizing and evaluating solutions to the problem of placing lower income housing in suburban middle income neighborhoods and communities. In this chapter we use these criteria to evaluate the federal programs that can help to provide such housing, to suggest the kind of program augmentations that seem necessary.

Federal housing aids to upper and middle income Americans come in such subtle and indirect forms as tax benefits, mortgage market manipulations, and public capital improvement grants. The assistance that is available to low and moderate income households from the Department of Housing and Urban Development and the Department of Agriculture is much more direct. It includes loans and grants to local public housing agencies, rent supplements, mortgage payment subsidies, and below-market mortgage interest loans. These subsidies are provided under a myriad of existing programs, but pending legislation will probably consolidate them into a few broad basic authorities. We have grouped these subsidies into four basic types of programs.

The first type of program provides rental units delivered by local public housing agencies in conformity with the oldest form of low income assistance-public housing. The overwhelming majority of these units are in central cities. While most have been built with federal loans and are owned and operated by the local public housing authority, increasing use has been made of a 1965 congressional authorization for local housing authorities to lease existing private houses and to buy new units under the turnkey method. Under the leasing programs the federal government makes up the difference between the cost of the lease and the amount paid by the low income tenant. Such leased public housing remains on the public tax roles even though it receives federal subsidy.

Under the turnkey method of building units for public housing, the local housing authority contracts with private builders to buy, upon completion, housing they have built or rehabilitated. Any builder with a suitable site or structure can approach the local authority with a proposal to build or rehabilitate in accordance with his own plans. If the offer is accepted the authority buys the units upon their completion. The turnkey approach can also be applied to the management of low-rent housing projects under a program by which rental projects are operated by a private management firm or by a tenant organization.

The second program type is that of public housing ownership. In recent years HUD has also been allowing local housing agencies to provide lease-purchase rights to low income families. This is the case, for example, under Turnkey III, a program made possible by Section 59 of the 1965 Housing Act. Local housing authorities are also authorized to sell some of their low-rent units to tenants.

In this analysis we have split public housing into rental and ownership categories though both can be built publicly or privately or administered initially by private firms or the local public agency. Furthermore, both can receive federal grants for counseling and to provide other tenant services. Of course, in all cases the programs cannot be used locally unless money is available, and one of the reasons for our presentation of the following evaluation is to help local decision makers to select the type of program for whose funding they are prepared to fight.

The third category of housing program types groups those programs that subsidize non-publicly owned rental housing made available to lower income households at rents that do not exceed 25% of the household's income. These subsidies come in two forms. The form that is now most common is that provided under Section 236. This program, authorized under the Housing and Urban Development Act of 1968, provides assistance in the form of periodic payment to the mortgagee financing the housing to reduce the mortgager's interest costs on a market rate FHA-insured project. The mortgager must be a non-profit organization, a cooperative, or a private limited dividend entity. However, the reader should not presume that this means that all developers or owners of a 236 project are acting out of pure altruism - the combination of low interest mortgage and U.S. tax laws allows the owner to achieve good returns even if the cash dividend is limited. This same category includes programs that supplement the rent of low income families living in the projects receiving the mortgage payment assistance. These supplements are available to elderly and handicapped low income households or those displaced by government action.

Home ownership assistance programs make up the final category of available tools. The Housing and Urban Redevelopment Act of 1968 authorizes Section 235 to provide for mortgage payment subsidies to lower the monthly payment of moderate income households.

We present here a subjective evaluation of these four types of programs, to indicate the criteria for programs that will work to open up suburban housing opportunities. Our evaluation was based in part on published descriptions of the federal programs. We did not make an exhaustive and quantitative evaluative study of the existing federal programs, though our overview suggests that this would be a most worthwhile project to fund. However, we did conduct face-to-face and telephone interviews with lenders, builders, developers, and housing "packagers" in the Miami Valley region in order to have the benefit of their knowledge and experience. For each criterion, we have subjectively assigned high, low, or median grades to each program for the reasons discussed below.

1. Wide Variety of Structural and Locational Possibilities

Theoretically, the housing provided under the rental and public housing programs may be of any structural type - high-rise, garden apartment, row houses, semi-detached, or detached. Actually, cost not only limits the design features that can be included but, even more importantly, tends to create pressures for relatively high density projects. Builders in the Dayton area also complained that the Housing Assistance Administration (HAA) standards for turnkey housing were excessively high and that costs were increased because of these standards and the need to visit Chicago in order to get specifications approved. These turnkey builders had been used to working with the Federal Housing Administration (FHA) office in Cincinnati and preferred FHA regulations and the convenience of a nearby office. The proximity problem should be reduced when HUD locates their Ohio office in Columbus in line with their anticipated reorganization.

The locations that are available to the builder of public housing are limited to those areas that are served by a public housing authority. This excludes a very large proportion of the region, including all of Miami County, Preble County, and Darke County. Greene County has a public authority, the Yellow Springs Housing Authority, which has recently been expanded to serve the entire County. Only Montgomery County, served by the Dayton Metropolitan Housing Authority, has received a significant number of public housing units. The fact that only leased public housing units pay their full share of local property taxes while the remainder only make payments "in lieu" of taxes, also works to keep some areas from signing local cooperation agreements. Thus, we have given the public housing program a low to medium grade on this criterion.

The 235 home ownership program was given a medium to high score. More localities are willing to accept this program because the units constructed under it are difficult to distinguish from the ubiquitous moderate income, single-family tract home and because the program is for moderate rather than low income households. Because they attract renters rather than owners, the 236 projects have found more resistance than 235 but not nearly as much as public housing. While this is to some extent a subjective evaluation, the design quality of existing 235 and 236 projects appears quite variable and depends primarily on the individual builder. Builders of the 235 and 236 programs are given more leeway than those building under public housing programs. Unfortunately, there is little positive design control imposed on these programs by competition. Therefore, we gave rental housing a medium grade, while the ownership private programs were given a medium to high grade on the criterion of possible structural and locational variety. In all cases, of course, locational restrictions are more likely to come because of local attitudes about expected impacts than because of the specific features of the housing programs.

2. Eventual Home Ownership Possible

This criterion is, of course, only met by two of the four program types. In the long run, this may mean that programs such as 236 and standard public housing may be restricted to the elderly and those households who cannot adjust to, or do not want to live in, their own home.

3. Viable Class Mix

In our opinion, rental public housing programs earn a low score on this criterion. The fact that a family must leave these projects when its income climbs to 125% of entrance requirements tends to make these projects the exclusive domain of those with little or no class mobility. Rental housing (236) earns a medium score because it does not force occupants to leave as their incomes increase - it merely raises the rents.

In some cases, we were told that wives had left their jobs in order to qualify for 235 or 236 housing. If this is true, the programs are not motivating households in the manner Congress expected. Furthermore, local and national data suggests that black moderate income families are less likely to be served by the 235 program than white moderate income families. Instead, this program seems to be attracting a high proportion of young white households, while black households seem more likely to be served by the 235J program which subsidized the rehabilitation and sale of older units. One reason for this is, of course, the previously indicated racial bias one finds in the suburbs where more of the new units are being built. Another reason deals with the way information about the availability of these units is disseminated. (This second issue is discussed below.) However, these limitations also affect the opportunities for racial mix obtainable under the 235 program.

Also relatively few 235 units have been built as Planned Unit Developments. They have tended rather to be included in tract development merely catering to those households with slightly less income than the families that can obtain standard

Section 203 FHA mortgages. If Planned Unit Development techniques were used more frequently, as in the case of the Seattle "Choice" project, then a wider range of income groups could be served, as some of the units could be priced lower than is otherwise the case even with the mortgage subsidy.

## 4. Potential Users Informed and Counseled

The rental public housing programs probably deserve medium scores on the criterion of informing potential users about the programs' availability and counseling tenants. The DMHA staff does work with tenants on a continuing basis. In areas where Turnkey III public housing ownership programs are available, this program gets a high mark. In her conversation with us Mrs. Duke said, "You can't just do a structure without providing supportive services." She seems to have gotten the funding required to provide these services, including counseling.

There is a counseling program (237) for home owners listed in the federal statutes, but we have not found any instances of such counseling actually being funded by the federal government. Generally, the 235 program is sold by the private builder to whoever comes to see his development. In several cases that we were told about, the procedure is very simple. If a prospect who comes into the development cannot meet standard credit terms he is turned over to a salesman who understands the paperwork requirementsof 235. If the prospect appears to be eligible, the paperwork is processed. He receives no counseling except by the salesman. If he can meet the obligation of a home owner - fine; if not, that will become apparent later.

The 236 program offers no counseling, nor is there any effort made to direct central city residents who could benefit and qualify to existing projects. There are of course exceptions to this, particularly in the case of projects built especially for the elderly.

## 5. Resources and Incentives for Maintenance

The Dayton Metropolitan Housing Authority has done a well-above-average job of maintaining its units and working with tenants to prevent unnecessary destruction. However, the average rental public housing projects are running into serious trouble in trying to preserve the quality of their units. A study of operating costs in public housing projects across the country found their maintenance costs rising so quickly that the report was subtitled, "A Financial Crisis."[2] While the rising costs have forced many local public housing authorities to raise rents, Mr. deLeeuw's study suggests that rents have not kept pace with the increases. He concludes that "growing deficits seem by far the most likely short-run outcome."[3] Thus, rental public housing programs will probably experience increasing difficulty in the maintenance area, unless local authorities take special care to prevent this eventuality.

The problem of providing incentives to encourage occupants to help hold down maintenance and repair expenses is particularly acute for rental public housing units. On the other hand, when the possibility for home ownership is tied to successful efforts to minimize operating costs, a very real incentive is provided. As mentioned in the previous chapter, the State of Hawaii reports great success with programs that put the money saved on operating costs into a pool that then provides down payment for the occupant of the well and inexpensively kept units.

Turnkey III programs have similar incentives; further, if provided with adequate support programs, they have a guarantee of needed resources should a financial disaster strike the occupied households. The importance of this point should not be understated since the household who cannot afford market housing assuredly cannot afford to weather the "unusual" repair bill which sooner or later faces all home owners.

The 236 programs are given a medium rating because while the tenants usually have no particular incentive to maintain the property, the landlord does. If the property runs down, his resale opportunities will be lessened.

We rated the 235 program low to high on this criterion since the reports we obtained suggested that much depended on the attitudes of the occupant; no uniform screening was applied to keep out households that would not maintain the property. Several lenders pointed out that some 235 occupants were young households with no equity in the units and that some gave little evidence of respecting their obligations as home owners. Thus, these lenders worried that careless budgeting habits and indifference might lead to under-maintenance. On the other hand, several builders told us that the 235 units they sold were going to couples who took pride in their homes and "were keeping them up properly."

## 6. An Even Ratio of Tax Payments to Public Service Requirements

We gave all public housing programs a low to medium grade on the subject of tax-to-service-cost ratios. There are of course many elderly occupants of public housing units who cause the property taxpayers little expense. But generally, the "in lieu" payment made by the public housing authority probably does not cover the full costs of the local public services required by tenants. Leased public housing does pay property taxes.

Privately built rental units (236) were awarded medium to high grades. They pay property taxes and, at least in the Miami Valley region, tend not to have large numbers of children requiring public services. The 235 program gets a medium grade because while residents pay property taxes, they typically do have children.

7. Preserve School Quality

None of the programs has any special provisions enabling it to deal specifically with the problems of preserving school quality. Those that keep the units on the property tax roles will tend to contribute more to the school bill than those who do not. Thus, the scores here are similar to those that were awarded for the general criterion dealing with the ratio of taxes paid to local services used. However, this is clearly a matter that should be carefully evaluated on a case-by-case basis.

The problem raised by the fact that public housing does not pay its full share of property taxes was introduced by an earlier study of the impact of public housing upon the school systems within the Miami Valley region. This study concludes:

> "It is our opinion that concurrent with the acceptance of a limited number of Public Housing units in each School District, we must seek State or Federal legislation to eliminate the apparent burden that Public Housing will unevenly present to the School District."[4]

8. Provide for Additionally Needed Public Services

The arrival of low and moderate income households into the suburbs may require extra services to guarantee their beneficial absorption into the suburban community. Some of these facilities, such as child care centers, are sometimes provided under the Turnkey III or 236 programs, but even this is not universal. Such broader needs as extra youth programs or additional health, fire, and police personnel are not directly contemplated in any of the programs. Therefore, we gave all the existing programs a low score on this criterion.

9. Credibility in Terms of Ability to Preserve and Enhance the Suburban Environment

The credibility of each program depends upon its actual ability to satisfy the previous four criteria, if necessary, and the expectations of the suburbanites concerning this ability. As the subjective evaluations indicate, no program fulfills all the criteria since each lacks some of the needed capabilities and can only deal with specific situations under certain conditions. However, virtually all of them can be effectively used to preserve and enhance the suburban environment under some conditions, particularly if used or packaged with other available programs.

Thus, for example, the 235 program is working quite well, particularly in situations where the developer definitely maintains a fixed relatively low quota of such subsidized units within a development made up primarily of regular FHA or conventionally insured non-subsidized units. However, even such projects could run into trouble if the school system were already at capacity or if some tenants could not or would not keep up maintenance. Furthermore, only a portion of the needed housing can be built within non-subsidized developments.

There are examples of existing housing programs serving the housing and living environment needs of the low income without violating the attractions of the existing milieu. Unfortunately, there are many less positive examples, some of which have had wide publicity - for instance, the high-rise public housing projects in Chicago. Unfortunately, all existing programs lack the ability to add extra public services if required, or to deal directly with the need to preserve school quality.

The Miami Valley housing plan calls for 14125 new housing units to be built in the suburbs, or an addition of approximately 7% to the existing housing stock. A proportion of these can be built with the existing housing programs if carefully located. However, if wide-scale housing opportunities are to be offered those who cannot afford market housing, then efforts must be made to find additional funding sources to provide the backup to these housing programs.

The initial attempts are crucial since, unfortunately, future expectations concerning the programs will drop if some of the early attempts fail. Many of the people surveyed are already particularly fearful of any public housing programs. Credibility depends on the specific set of programs and the manner in which they are implemented. Therefore, it was not possible to give subjective scores to the four broadly grouped programs relative to this criterion.

## B. NEEDED ANCILLARY PROGRAMS OR INSTITUTIONAL 'FACILITATORS' TO PROTECT AND IMPROVE THE STATUS QUO

Most of the programs subjectively evaluated above were designed to enable a private party, non-profit group, or local public housing authority to provide housing for those without the means to buy or rent elsewhere. They were not designed to open up new suburban locations to groups that now live mainly in the central cities or in the older rural and urban fringe neighborhoods that are geographically in the suburbs but were built before recent periods of "suburbanization." Therefore, it is not surprising that these governmental aids to the building and operation of housing fail to provide the added measures of community protection that are sometimes needed if such housing is not to alter the features that attract and hold the present residents of the suburbs where it is placed.

Unless ancillary programs or institutions are used to protect these attractive suburban features, the present residents will resist the entry of new classes into the suburbs. This resistance will strengthen as we move down the economic class scale in our attempts to provide direct housing. As has been mentioned before, the suburbanite's willingness to accept the new households will diminish if he sees examples of decline in environmental quality as a result of the new housing.

The fact that ancillary programs are needed to open up the suburbs to new classes should be no surprise to anyone familiar with the processes of development that brought the present residents of the suburbs to their homes. These residents were not only helped by the FHA programs that have insured more than $130 billion in mortgages and assisted more than 9-1/2 million families to become home owners and enabled more than 1.4 million apartments to be built. They were also aided by federal and state programs that built roads into the suburbs and paid for significant essential portions of the public infrastructure, such as sewage and water plants. The developers who turned raw land into middle and upper income neighborhoods may have fought with the city planners, public work officials, and other officials who imposed zoning laws, building codes, and other regulations upon them. But these officials also worked to bring up utility lines and roads to the edge of the developer's site. Perhaps even more importantly, the restrictions they managed to impose and the public facilities they provided made it easier for subsequent developers to build and profitably sell middle and upper income homes.

If the initial efforts to build low and moderate income housing in the suburbs are to succeed and lead to further successes, they must be made in concert with other programs and institutions that will maintain or raise community service levels and help to make the suburbs more desirable in the future. Our subjective evaluation of programs suggests that under certain situations the following areas will need more programmatic or institutional protection and improvement than will be provided by the existing housing programs:

## 1. School Quality

Educational quality can be threatened if the property taxes generated by the new units do not provide the added funds needed to serve the children of the new households. The same possibility exists with the entry of middle income families with children. The problem is caused primarily by our being reliant on the local property tax to support the local school district.

There are several ways that this threat could be eliminated. One method that appeals to us would be to test the utility of the frequently discussed educational voucher systems with a federal program that gives such vouchers to the low and moderate income families who move into the new suburban units. The voucher would be equal in value to the appropriate cost of educating a pupil in the average local school system, but the parent would be free to give the money to the school system of his choice. That is, he could give it to the local school system or enroll his children in a private school, giving them the voucher in payment for tuition. Such an approach would not only permit the federal government to test a program that it has already agreed to test somewhere, but it would also offer the possibility of unusual cash gains to the local school systems if they adapt to the needs of their new pupils while maintaining quality education for all.

An alternate solution to this problem was recently put forth by the California Statewide Council on Long-Range School Finance Planning. It suggests that the state collect a certain amount of property tax from all school districts and then return the money to the local districts in proportion to their student load. Such a system would distribute the property tax receipts available for education among all the state's students, thus freeing educational quality from its ties to the local property tax base.

### 2. Added General Public and Special Service

Although there is a variety of federal and state social aid programs, these are not coordinated with the housing programs under discussion here. This is true of general public service programs such as health and law enforcement. If such programs were known to be available if needed, the resulting effect on expectations would tend to reduce the amount of such services that would actually be required. Conversely, the knowledge that needed public services probably will not be augmented until the local capacities have been obviously strained will tend to encourage and even magnify local concern.

Even such a necessary service as counseling for the new occupants is rarely provided in conjunction with the housing programs. The sellers and renters of units who do give such services are also not always the best equipped to do so. Finally, special programs that would apply to all low and moderate income subsidized suburban units are rarely available even when they would make the housing programs much more acceptable. Thus, for example, there is no program to specially inspect and deal with maintenance problems; yet the existence of a guarantee of good maintenance would be extremely beneficial.

## C. THE NEED FOR ANOTHER KIND OF HOUSING PROGRAM

All of the programs that we have subjectively evaluated can be used under various conditions to build a housing project or a limited number of houses. The federal government has also authorized a program that provides support for developers seeking to build new towns. There is a noticeable gap between the scale of development envisioned for the programs we have evaluated and the new town legislation. We might term this gap "the mini-neighborhood." Programs to facilitate the construction of such mini-neighborhoods would be an extremely valuable added tool for those willing to provide expanded suburban housing opportunities for low and moderate income households. These mini-neighborhoods would be less expensive to build than new towns because they could share elements of the existing suburban infrastructure that are not yet operating at full capacity. Furthermore, it is often cheaper to add to existing community facilities and services than to attempt to provide all new facilities and services.

Mini-neighborhoods could construct new elementary schools and child care centers to serve their own neighborhood needs but share the high school and other facilities of the larger community of which they are a part. Thus, the program being suggested would aid in the construction and operation of the elementary school and the placement of neighborhood roads and utilities. A variety of options now foreclosed would then be open. For example, the older, run-down sections of West Dayton contain many blocks inhabited partly by low to moderate income households who have the capacity for home ownership and the development of a sound community spirit. These residents now have only the options of moving separately into a neighborhood environment that is foreign to them, or rehabilitating their older houses. The new program that we suggest would enable these present neighbors to band together, should they so desire, and live in new houses in a new neighborhood without breaking old social ties.

## D. IMPLEMENTATION

The programmatic and institutional deficiencies summarized above should be corrected if the open land of the suburbs is to be used to grant new housing opportunities to low and moderate income Americans capable of grasping such opportunities. However, even if all the deficiencies we have noted are corrected, no significant number of opportunities will result unless the various programs are combined to provide maximum benefit to the region's low and moderate income households and the suburban communities in which they locate. Individual builders may utilize the programs to produce housing but they lack the information and the resources required to best serve the full spectrum of those who need such housing or to comprehensively deal with the impact of this housing on the suburbs. To do this on the required scale, the builders and developers will need help and guidance. Programs must be selected and evaluated in the field in terms of their ability to contribute to the continued expansion of suburban housing opportunities for all segments of the population. It will not be easy for an implementing body to follow the directions outlined in the previous chapter. Clearly the implementing group must have a regional and long-range perspective while it simultaneously perceives and deals with the needs of the newer low and moderate income residents of the suburbs and the real problems and fears imposed upon the older, more affluent suburbanites. This will not be easy. The temptation to become an advocate for one group or the other will be great. If this temptation is not resisted, good efforts will be undermined.

Those who will occupy the new units may need social, occupational, and financial counseling. They also need to be listened to so that the housing and other services they require can be continually improved. As we have stressed above, these new households will have an impact on the suburbs in which they are located. These communities do not need an implementing agency to propagandize them about the beneficial aspects of this impact. Instead, they need an implementer that can foresee and hence forestall problems. They also need an implementer to monitor these impacts on a continuing basis or failing that, recognize unanticipated problems so that they can be dealt with quickly and effectively. The implementing agency should do more than disseminate information and advise to help bring desired housing into being. It should also work with local planning agencies to use the traditional tools of land use planning to encourage the construction of developments and units that would benefit both the resident and the community and guard against projects that would tend to deteriorate the community's quality.

This implementing agency can only perform its function if it maintains current and accurate information about the factors in the urban environment that are of concern to all its residents. We have tried to report here on the factors that are important to the potential occupants and the present suburbanites of the Miami Valley region. We have catalogued existing attitudes. There is a great need to maintain current data on what is happening in those communities. Little will be gained if the basic information that has been developed by the Miami Valley Regional Planning Commission as it prepared its housing element, and by this report, is merely used to suggest that all subsequent actions will automatically go well. We emphasize this point because our nationwide questioning elicited some enthusiastic descriptions of situations, both good and bad, that turned out to lack any supporting evidence.

Thus, for example, we remember talking to one "implementer" of a housing integration program who told us that racial and class integration was working very well in his neighborhood. He had not been included in the survey but we were interested in finding out if we should include the area he mentioned. We elected not to after he consistently was unable to answer specifically any questions about the state of the relevant factors in his neighborhood. He knew that things were going well, but he could not say how many families had moved in or out or what their composition was. He knew that the assessor who had told us that property values were declining in the neighborhood was wrong, but he had no data on sales prices or the nature of shifts in the effective demand for housing or housing quality.

We cite this example merely to emphasize the fact that goodwill alone will not bring about effective implementation. However, if state and federal support is provided, the kind of information that the Miami Valley Regional Planning Commission has been collecting can be used to permit the accomplishment of the stated goals. The information in this report is presented as a needed addition to that stock.

The Miami Valley Regional Planning Agency is the most logical candidate to act as the implementing agency in this region. At a minimum, this agency could evaluate proposed projects in terms of the criteria that apply both to their ability to meet the needs of the particular low and moderate income households that are to live in them and their ability to mesh beneficially into the suburban environment. Each proposed new set of dwelling units should be evaluated, and the following types of questions asked:

1. Do site and dwelling designs meet the life style needs of those who are to move into the units and fit the standards of the area's present residents?
2. Are "buyers' agents" or counselors available to help the new residents make their home purchase or tenancy arrangements?
3. Are the needed public services such as transportation, child care centers and job training or other services required by the new residents available?
4. Have guarantees of maintenance been provided?
5. Have arrangements been made to keep the new complex from increasing the local tax burden or lowering the quality of local services?
6. Have local school officials been contacted and steps taken to assure the preservation of school quality?

No one set of programs can provide positive answers to each of these questions in all cases. Let us consider, for example, the problems that will be encountered in seeing to it that each group of new suburban residents has the transportation required for them to get to jobs and needed services. In some cases a location near bus lines may be desirable, but in another case, it may make more sense to provide periodic "limousine" or taxi service to important destinations. A skillful and innovational tailoring of the programs to the many special subgroups of present and new suburban residents can cause all programs to get higher grades than we have assigned them.

However, the housing needs of the region cannot be fully met by even the most skillful use of existing programs unless these programs are improved and augmented. The following types of additional tools are needed in order to make suburban housing opportunities a possibility for all those who desire and can utilize such locations.

1. The development of state or federal school tax equalization programs that actually make up for differences in the assessed valuation of property tax per pupil in different school districts. New public housing in the suburbs should pay full property taxes.

2. The passage of new federal legislation to pay for the services that must frequently accompany the new dwelling units if the low and moderate income households are to be beneficially housed in the suburbs. In addition, programs to develop low and moderate income dwelling units in the suburbs should tie into the full range of existing federally supported programs that provide child care centers, head-start classes and other services of the type that need to be provided in conjunction with housing.

3. The development of maintenance guarantees and incentive programs.

4. An expansion of housing programs leading to home ownership.

5. The development of federal programs to subsidize the construction of "mini-neighborhoods," both in the suburbs and the central cities. The development of such a program would complement the present set of subsidized housing and new town legislation so as to provide for the needs and preferences of all the various subgroups of low and moderate income households.

6. Funds should be made available so that efforts to build low and moderate income housing in the suburbs can be monitored. The impact of these efforts upon the households that live in the new units and the suburban environment should be objectively recorded so that problems can be quickly noted, remedied and not repeated elsewhere.

NOTES FOR CHAPTER ONE

1. Miami Valley Regional Planning Commission, A Housing Plan for the Miami Valley Region, July 1970, p. 18.

2. Ibid., p. 3.

3. Ibid., p. 4.

4. Ibid., p. 12.

5. Henry Aaron, "Income Taxes and Housing," The American Economic Review, December 1970, p. 802.

6. See, for example, Richard E. Slitor, "The Federal Income Tax in Relation to Housing," Research Report No. 5, The National Commission on Urban Problems, Washington, D.C., 1968.

7. Letter from Gerard M. Brannon, Associate Director of the Treasury Department Office of Tax Analysis, September 2, 1970.

8. Committee on Banking and Currency, Subcommittee on Housing and Urban Affairs, "Progress Report on Federal Housing and Urban Development Programs," March 1970, p. 91.

9. U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1970 (91 ed.), Washington, D.C., p. 381.

10. Frank S. Kristoff, "Urban Housing Needs Through the 1980s, An Analysis and Projection," The National Commission on Urban Problems, Research Report No. 10, Washington, D.C., 1968, p. 8.

11. For a more detailed discussion of the quality determinants see Claude Gruen, "The Socio-Economic Determinants of Urban Residential Housing Quality." University of Cincinnati, Department of Economics, Unpublished Dissertation, 1964.

12. Miami Valley Regional Planning Commission, Housing Needs in the Miami Valley Region 1970-1975, June 1970.

13. Herman P. Miller, Rich Man, Poor Man, Thomas Y. Crowell Co., New York, 1971, p. 111.

NOTES FOR CHAPTER TWO

1. Statement of one of the interviewees included in the sample of low and moderate income households.

2. In future studies, care should be taken to have all pictures shot from the same angle, with equivalent landscapes.

3. The arches are partially obscured in Picture 3.

4. Herbert Gans, The Levittowners, Ways of Life and Politics in a New Suburban Community, Vintage Books, New York, February 1969, p. 167.

5. Joshua A. Fishman, "Some Social and Psychological Determinants of Intergroup Relations in Changing Neighborhoods - An Introduction to the Bridgeview Study," Presented at the 16th International Congress of Psychology, Bonn, Germany, August 1960, p. 46.

NOTES FOR CHAPTER THREE

1. Direct quote from a suburban interviewee.

2. Richard F. Babcock, The Zoning Game, The University of Wisconsin Press, Madison, Milwaukee, and London, 1969, p. 3.

3. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 75, Income in 1969 of Families and Persons in the United States, U.S. Government Printing Office, Washington, D.C., 1970, Table 16, p. 32.

4. The MVRPC study was released in July 1970. The interviews for this study were conducted during July and August.

5. William M. Dobriner, Class In Suburbia, Prentice-Hall, Inc., Englewood Cliffs, N.J., p. 34.

6. John R. Seeley, Alexander Sim and Elizabeth Loosley, Crestwood Heights, A Study of the Culture of Suburban Life, Science Editions, John Wiley & Sons, Inc., New York, 1963, p. 400.

7. Seeley, Sim, Loosley, op. cit., p. 46.

8. John Lansing, Robert Morans, and Robert Zehner, Planned Residential Environments, Institute for Social Research, Braun-Brumfield, Inc., Ann Arbor, Mich., 1970, p. X.

9. The tables and text will ignore the existence of children since it is subsumed in the multi-family, single-family scale.

10. The scores calculated for the responses of the 12 suburban subgroups are shown in Appendix D, along with the size of each subgroup and standard error calculations.

11. Scott Donaldson, The Suburban Myth, Columbia University Press, 1969, New York, London, p. 71.
Maintaining one's home, particularly the front yard, has become both a symptom and symbol of suburban living. As one Area 3 resident so eloquently put it, "We don't cut our grass - we manicure our lawn." Scott Donaldson, in The Suburban Myth, describes this phenomenon as the "sacrosanct strip of greenery facing squarely toward the street and performs no function other than decoration. Suburbanites do not put up 'keep off the grass' signs because there is no need; visitors who have their own decorative greens know automatically that the front lawn is to look at, not to step on. Dogs are less cultivated; they may relieve themselves on a neighbor's front lawn and, when they do, they create a real community crisis that is invariably resolved by passage of a leashing law to keep the dogs, like the people in the homes, under strict control."

12. Seeley, Sim, Loosley, op. cit.
"It is not by accident that Crestwood Heights has literally grown up around a school. This development has the same social logic as had the cathedral-centered communities of medieval Europe, or the chapel governed towns of seventeenth century New England. There could be no better indication that this central focus in the school that a great cultural shift has occurred towards a society most of whose dominant concerns are now secular."

NOTES FOR CHAPTER FOUR

1. Comment of a suburban interviewee.

2. The table of correlation coefficients can be found in Appendix F.

NOTES FOR CHAPTER FIVE

1. The exact words of one respondent; the sentiment of many.

2. Asking an individual to relate how others feel about an issue is a frequently used technique in survey research to obtain sensitive information in an indirect way. In this survey the technique was being used in a straightforward manner so that we could ascertain how well the public official could read his constituency.

NOTES FOR CHAPTER SIX

1. Professor Richard Muth discussing the elimination of racial residential segregation in his article, "The Urban Economy and Public Problems," Financing the Metropolis, Edited by John P. Crecine, Sage Publications, Beverly Hills, Calif., 1970, p. 456.

2. Luigi Laurenti, Property Values and Race, Studies in Seven Cities, University of California Press, Berkeley.

3. Chester Rapkin and William G. Grigsby, The Demand for Housing in Racially Mixed Areas, University of California Press, Berkeley and Los Angeles, 1960, pp. 98-102.

4. Ibid., pp. 125-138.

5. Claude Gruen, "Urban Renewal's Role in the Genesis of Tomorrow's Slums," Land Economics, XXXIX, No. 3, August 6, 1963.

6. Muth, op. cit., pp. 443-448.

7. Stanley Lebergott, "Slum Housing: A Proposal," The Journal of Political Economy, Vol. 78, No. 6, November/December 1970, pp. 1362-1366.

8. The San Francisco Development Fund, Summary Report on a Move to Home Ownership, December 1970, p. 10.

9. Catherine Bauer, "The Dreary Deadlock of Public Housing," Architectural Forum, May 1957, p. 141.

10. William L. C. Wheaton, Architectural Forum, June 1957, p. 141.

11. San Francisco Chronicle, February 12, 1971.

12. Dick Netzer, "Tax Structures and Their Impact on the Poor," Edited by H. P. Crecine, Financing the Metropolis, Sage Publications, Beverly Hills, Calif., 1970, p. 460.

13. Economic Development Committee of Prince George's County, A Study of Income and Expenditures by Family Dwelling, Apartment and Business Units and Individual School Children for the Fiscal Year 1963-64, 1963, Section V.

14. Miami Valley Regional Planning Commission, A Housing Plan for the Miami Valley Region Suburbs, 1970, pp. 27-28.

15. Peter Schrag, "End of the Impossible Dream," Saturday Review, September 19, 1970, p. 92.

16. Herbert Gans, The Levittowners, Ways of Life and Politics in a New Suburban Community, Vintage Books, New York, February 1969.

17. The Levittowners describes one such battle for control of the school system between the working class Catholic parents and the middle class Protestant families. The working class parents, being in the majority, won the battle for control of the school board.

18. Stephen K. Bailey, Disruption in Urban Public Secondary Schools, National Association of Secondary Schools Principals, Washington, D.C., November 1970.

19. Ibid., p. 20.

20. Op. cit., MVRPC, A Housing Plan for the Miami Valley Region, p. 3.

21. See, for example, Daniel M. Wilners', The Housing Environment and Family Life, Baltimore, John Hopkins Press, 1962.

22. Mrs. Duke indicated that Turnkey III, a new administrative housing program which facilitates home ownership for the low income, has been successful in Gulfport and Fernshaw County, Miss. The program requires the recipients to pay out only 20% of their income for new housing and has maintenance incentives built into the plan which enable the household to transfer maintenance savings into downpayment credits. Mrs. Duke feels strongly that it is not sufficient to provide a structure, but that a supportive services program is necessary for prospective tenants. Mrs. Duke's main concern has been to provide more housing opportunity for low income black households and has been far less concerned with integration and other social goals.

23. Gans, op. cit., p. 165.

24. Gans, op. cit., p. 170.

25. Bennett M. Berger, Working Class Suburb, A Study of Auto Workers in Suburbia, University of California Press, Berkeley and Los Angeles, 1960, p. 97.

26. Ibid., p. 79.

27. Gans, op. cit., p. 180.

NOTES FOR CHAPTER SEVEN

1. Muriel Beadle, "The Hyde Park-Kenwood Urban Renewal Years, A History to Date," Private Printing 25.

2. Mayor's Committee for Community Renewal, Integrated Housing in the Lafayette-Elmwood Area, 1970, p. 4.

3. Beadle, op. cit.

4. Beadle, op. cit., p. 18.

5. Beadle, op. cit., p. 17.

6. Beadle, op. cit., p. 19.

7. Beadle, op. cit., p. 20.

NOTES FOR CHAPTER EIGHT

1. George Romney, Secretary of the Department of Housing and Urban Development, at a press conference, November 25, 1970.

NOTES FOR CHAPTER NINE

1. Mrs. Dorothy Duke, of the National Council of Negro Women, discussing the $33 million in Turnkey III Public Housing she helped establish in 1968, 1969, and 1970. Telephone conversation September 25, 1970.

2. Frank deLeeuw, Operating Costs in Public Housing, A Financial Crisis, The Urban Institute, 1969.

3. Ibid, p. 13.

4. Paul Tipps, "Probable Effect of Public Housing on Selected School Districts," June 1969, p. 11.

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## APPENDIX A

### THE MVRPC LOW/MODERATE INCOME HOUSEHOLD SURVEY

__(3)

Interviewer's Name:______________________________

Time of Day: Before 12:00 noon___ 1; 12:01-4:00p.m.___ 2; 4:01-___ 3 __(4)

Day of Week: Mon__ 1; Tue__ 2; Wed__ 3; Thu__ 4; Fri__ 5; Sat__ 6; Sun__ 7 __(5)

Respondent's Neighborhood:______________________________ __(6)

Respondent lives: Multi-family___ 1; Single-family___ 2 __(7)
 1st call___
 Call back___

Hello! My name is________________. I would like to talk with you about the idea of providing new housing for low and middle income families in the suburbs outside the central city. This survey is to find out how you would feel about the idea of living in the suburbs like Kettering, Vandalia, Jefferson and Washington Township, et cetera, rather than where you live now.

1. How long have you lived at your present address? __________ __(8-9)
2. Counting yourself, how many adults 18 years of age and older live in this household? __________ __(10)
3. How many children from 13-17 live in this household? __________ __(11)
4. How many children from 7-12 live in this household? __________ __(12)
5. How many children 6 and under live in this household? __________ __(13)
6. Do you presently have any expectation of moving? Yes ____ 1 __(14)
 No ____ 2
 If yes,

6a. Do you expect to move to: __(15)
 a) Another dwelling unit within this neighborhood? ____ 1
 b) Another neighborhood within this community? ____ 2
 Specify______________________________
 c) Another community somewhere else in this region? ____ 3
 Specify______________________________
 d) Another region? ____ 4

7. Does your household contain one or more wage earners? __(16)
 Yes ____ 1
 No ____ 2
 If yes,

7a. Please list the name and location of each person's place of employment:

| Relationship of Employed Person | Name of Place Where Person is Employed | Location of Place of Employment | Time Zone | |
|---|---|---|---|---|
| ________ | ________ | ________ | ________ | __(17) |
| ________ | ________ | ________ | ________ | __(18) |

7a. (Cont'd) Name and location of each person's place of employment:

| Relationship of Employed Person | Name of Place Where Person is Employed | Location of Place of Employment | Time Zone | |
|---|---|---|---|---|
| ________ | ________ | ________ | ________ | ___(19) |
| ________ | ________ | ________ | ________ | ___(20) |

7b. How do the members of your household get to work?

Number who use the bus ___(21)
Number who walk ___(22)
Number who drive their own car ___(23)
Number who ride in someone else's car ___(24)
Other (specify)________________ ___(25)

8. What social service facilities does your household currently use, such as medical clinics, Welfare Department, child care centers, Bureau of Unemployment Compensation, et cetera?

Household does not use any social service facilities. ___(26)

| | | FREQUENCY OF USE | | | | |
|---|---|---|---|---|---|---|
| Name of Social Services Utilized by Respondent Households | Location | At Least Once A Wk. | At Least Once A Mo. | At Least Once Every Other Mo. | Fewer Than 6 Times A Year | |
| A. Welfare Dept. | ___1 | ___2 | ___3 | ___4 | ___5 | ___(27) |
| B. Medical Clinic | ___1 | ___2 | ___3 | ___4 | ___5 | ___(28) |
| C. Child Care Fac. | ___1 | ___2 | ___3 | ___4 | ___5 | ___(29) |
| D. Unemp. Bureau | ___1 | ___2 | ___3 | ___4 | ___5 | ___(30) |
| E. Juvenile Court | ___1 | ___2 | ___3 | ___4 | ___5 | ___(31) |
| F. Child Gd. Ctr. | ___1 | ___2 | ___3 | ___4 | ___5 | ___(32) |
| G. Vets. Admin. | ___1 | ___2 | ___3 | ___4 | ___5 | ___(33) |
| H. Dayton Boys Clb | ___1 | ___2 | ___3 | ___4 | ___5 | ___(34) |
| I. Other (specify) | | | | | | |
| ________ | ___1 | ___2 | ___3 | ___4 | ___5 | ___(35) |
| ________ | ___1 | ___2 | ___3 | ___4 | ___5 | ___(36) |
| ________ | ___1 | ___2 | ___3 | ___4 | ___5 | ___(37) |

If household uses one or more social services:

8a. How do the members of your household get to the social service facilities?

Number who use the bus ___(38)
Number who walk ___(39)
Number who drive own car ___(40)
Number who ride in someone else's car ___(41)
Other (specify)________________________________ ___(42)

9. If you had the following two choices, which would you pick: ___(43)

a) A new home in this immediate area ___1

or

b) A new home outside the city somewhere in the suburbs? ___2

Why?______________________________ ___(44-45)
______________________________
______________________________
______________________________

10. If new housing were to be provided in the suburbs, which of the following three choices would you pick? ___(46)

a) Living in new low and moderate housing units which are not clustered together but scattered among the existing suburban residential neighborhoods? In this situation most of your neighbors would have higher incomes. ___1

or

b) Living in a separate neighborhood made up of new housing units for low and moderate income families. The immediate neighborhood would be composed of families with roughly the same incomes. However, the neighborhood residents would use the same community facilities, including schools, used by all other neighborhoods in the city or township. ___2

or

c) Living in a separate neighborhood made up of new housing units for low and moderate income families. The immediate neighborhood would be composed of families with roughly the same incomes, with the neighborhood residents having their own community facilities, including schools. ___3

11. If new housing were to be provided, which of the following two choices would you prefer? ___(47)

a) Living together with members of all races ___ 1

or

b) Living together with members of your own race ___ 2

PRESENT PICTURES OF MULTIPLE DWELLING UNITS

12. If you had a choice, which of the following housing units would you most like to live in? Second most? Least?

| | Picture # | Why | |
|---|---|---|---|
| Most | ___ | ___ | ___(48) |
| 2nd most | ___ | ___ | ___(49) |
| Least | ___ | ___ | ___(50) |

PRESENT PICTURES OF SINGLE DWELLING UNITS

13. If you had a choice, which of the following housing units would you most like to live in? Second most? Least?

| | Picture # | Why | |
|---|---|---|---|
| Most | ___ | ___ | ___(51) |
| 2nd most | ___ | ___ | ___(52) |
| Least | ___ | ___ | ___(53) |

JUST A FEW MORE QUESTIONS ABOUT YOUR HOUSEHOLD

14. Are you currently: ___(54)

a) Single ___ 1
b) Married ___ 2
c) Divorced ___ 3
d) Widowed ___ 4

15. Head of household's age: (All female respondents without husbands are considered to be heads of their own households). ___(55)

a) Under 30 ___ 1
b) 31-45 ___ 2
c) 46-60 ___ 3
d) 61 or older ___ 4

16. What is the amount of money your household is currently living on, including wages of all members, welfare or aid to dependent children, social security, or unemployment payments:

Amount per week $______
or
Amount per month $______

Per week household income ___(56-57)

| | |
|---|---|
| Under $50 | ___1 |
| $ 51-65 | ___2 |
| 66-80 | ___3 |
| 81-100 | ___4 |
| 101-125 | ___5 |
| 126-150 | ___6 |
| 151-200 | ___7 |
| More than $200 | ___8 |

17. Are you currently: ___(58)

a) a non-registered voter ___1
b) a registered Independent ___2
c) a registered Republican ___3
d) a registered Democrat ___4

INTERVIEWER PLEASE FILL IN RESPONDENT'S:

18. Sex: F___1 M___2 ___(59)

Race: White___1 Black___2 Other___3 ___(60)

Be sure to thank respondent very much and ask her/him if they would like to make any generalized comments concerning the topics covered by the questionnaire. Insert comments below:

## APPENDIX B

__(2)

## THE MVRPC SUBURBANITE SURVEY

__(3)

Interviewer's Name:______________________________________

Time of Day: Before 12:00 noon___1; 12:01-4:00p.m.___2; 4:01-___3 __(4)

Day of Week: Mon__1; Tue__2; Wed__3; Thu__4; Fri__5; Sat__6; Sun__7 __(5)

Respondent's Neighborhood:________________________________ __(6)

Respondent Lives In: Multi-family____1; Single-family____2 __(7)

First call___; Call back___

Hello! My name is ______________________ and I work for Gruen Gruen + Associates, a research consulting firm. Lately there have been many discussions concerning the impact of providing housing for low and moderate income households in the suburbs. There are, of course, numerous reactions to this issue. The purpose of this survey is to get your honest reactions to a variety of alternatives because we feel that it is important to take into consideration the attitudes of people living in the community.

1. How long have you lived at your present address?______________ __(8-9

1a. If single family, what type of mortgage do you have on your home? __(10)
Conventional__1; V.A.__2; FHA__3; Cash__4; Contract__5; Land Bank__6

2. Please list all the factors which influenced your choice of a home in this location:

______________________________________________________ __(11)

______________________________________________________ __(12)

______________________________________________________ __(13)

______________________________________________________ __(14)

______________________________________________________ __(15)

______________________________________________________ __(16)

______________________________________________________ __(17)

3. Counting yourself, how many adults 18 years of age and older live in this household?____ __(18)

4. How many children from 13-17 live in this household?_____ __(19)

5. How many children 7-12 live in this household?_____ __(20)

6. How many children 6 and under live in this household?_____ __(21)

7. Do you presently have any expectations of moving? Yes__1 No__2 __(22)

7a. Do you expect to move to: __(23)
   a) Another dwelling within this neighborhood? ______1
   b) Another neighborhood somewhere else in the community? Specify______________________2
   c) Another community somewhere else in this region? Specify______________________3
   d) Another region?______________________4

8. We are going to show you a series of picture of different housing structures and would like to know how you feel they would 1) affect your neighborhood and 2) affect your community:

| A. Multi-family | Neighborhood Benefited Greatly | Neighborhood Somewhat Benefited | Neighborhood Would Remain the Same | Neighborhood Would Be Somewhat Harmed | Neighborhood Would Be Greatly Harmed | |
|---|---|---|---|---|---|---|
| 1 | 1 | 2 | 3 | 4 | 5 | __(24) |
| 2 | 1 | 2 | 3 | 4 | 5 | __(25) |
| 3 | 1 | 2 | 3 | 4 | 5 | __(26) |
| 4 | 1 | 2 | 3 | 4 | 5 | __(27) |
| Single-family | | | | | | |
| 5 | 1 | 2 | 3 | 4 | 5 | __(28) |
| 6 | 1 | 2 | 3 | 4 | 5 | __(29) |
| 7 | 1 | 2 | 3 | 4 | 5 | __(30) |
| 8 | 1 | 2 | 3 | 4 | 5 | __(31) |

| B. Multi-family | Community Benefited Greatly | Community Somewhat Benefited | Community Would Remain Same | Community Would Be Somewhat Harmed | Community Would Be Greatly Harmed | |
|---|---|---|---|---|---|---|
| 1 | 1 | 2 | 3 | 4 | 5 | __(32) |
| 2 | 1 | 2 | 3 | 4 | 5 | __(33) |
| 3 | 1 | 2 | 3 | 4 | 5 | __(34) |
| 4 | 1 | 2 | 3 | 4 | 5 | __(35) |
| Single-family | | | | | | |
| 5 | 1 | 2 | 3 | 4 | 5 | __(36) |
| 6 | 1 | 2 | 3 | 4 | 5 | __(37) |
| 7 | 1 | 2 | 3 | 4 | 5 | __(38) |
| 8 | 1 | 2 | 3 | 4 | 5 | __(39) |

9. Which three structures would you least like to see locate in your neighborhood or community?

__(40)
__(41)
__(42)

10. I am going to read you a list of statements and would like to know which are VERY IMPORTANT, IMPORTANT or UNIMPORTANT to your feeling these three structures would be harmful to your neighborhood or community:

| | Very Important | Important | Unimportant | |
|---|---|---|---|---|
| The structure is unattractive to me. | 1 | 2 | 3 | __(43) |
| The structure wouldn't fit in well with this area. | 1 | 2 | 3 | __(44) |
| Property values would decline if such structures were to be built here. | 1 | 2 | 3 | __(45) |
| Apartment units will lower the status of the neighborhood. | 1 | 2 | 3 | __(46) |
| Apartment buildings overtax such community services as water, sewage, police or fire. | 1 | 2 | 3 | __(47) |
| Apartment building overtax the community school system. | 1 | 2 | 3 | __(48) |
| Other (specify)________________ ______________________ | 1 | 2 | 3 | __(49) |

11. Although there is a tendency to lump all low and moderate housing assistance programs together, in actuality both the type of structures and type of households residing in that structure frequently differ. In addition to the above complexities, you may feel that a certain percent of each of these groups is a positive factor, while another percentage would exert either a neutral or negative influence on your neighborhood or community. We would like to have your reactions to the provision of housing of the following percent levels and for the following household types, if this housing were to be constructed somewhere within your neighborhood:

01 Low Income White Elderly (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(50) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(51) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(52) |

02 Low Income Black Elderly (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(53) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(54) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(55) |

03 Low Income White Physically Handicapped (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(56) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(57) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(58) |

04 Low Income Black Physically Handicapped (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(59) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(60) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(61) |

05 Low Income White Family with Husband (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(62) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(63) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(64) |

06 Low Income White Family without Husband (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(65) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(66) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(67) |

07 Low Income Black Family with Husband (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(68) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(69) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(70) |

08 Low Income Black Family with Housband (Under $5,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(71) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(72) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(73) |

09 Moderate Income White Family with Husband ($5,000-$10,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(74) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(75) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(75) |

Card II __(1)
__(2)
__(3)
__(4)

10 Moderate Income White Family without Husband ($5,000-$10,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(5) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(6) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(7) |

11 Moderate Income Black Family with Husband ($5,000-$10,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(8) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(9) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(10) |

12 Moderate Income Black Family without Husband ($5,000-$10,000)

| | Greatly Improve Neighborhood | Improve Neighborhood Somewhat | Neighborhood Would Remain the Same | Harm Neighborhood Somewhat | Harm Neighborhood Greatly | |
|---|---|---|---|---|---|---|
| One family in 20 | 1 | 2 | 3 | 4 | 5 | __(11) |
| One family in 10 | 1 | 2 | 3 | 4 | 5 | __(12) |
| One family in 5 | 1 | 2 | 3 | 4 | 5 | __(13) |

If respondent has given three or more negative responses (numbers 4 or 5) to alternates 01-12 ask questions 13 and 14 below:

13 Which four household types would you least like living in your neighborhood or community?

Insert Household Type Numbers

_____ __(14-15)
_____ __(16-17)
_____ __(18-19)
_____ __(20-21)

14 I am going to read you a list of statements and would like to know which are VERY IMPORTANT, IMPORTANT or UNIMPORTANT to your feeling these household types would be harmful to your neighborhood:

| | Very Important | Important | Unimportant | |
|---|---|---|---|---|
| Property values would drop. | 1 | 2 | 3 | __(22) |
| Property taxes would increase due to need for increased services. | 1 | 2 | 3 | __(23) |
| Neighborhood would face a drop in social status. | 1 | 2 | 3 | __(24) |
| Neighborhood would become less stable. | 1 | 2 | 3 | __(25) |
| These people would not fit in with rest of community. | 1 | 2 | 3 | __(26) |
| Housing maintenance and condition would decrease. | 1 | 2 | 3 | __(27) |
| Decrease in law and order. | 1 | 2 | 3 | __(28) |
| Change in character of neighborhood with shopping facilities catering to new group's needs. | 1 | 2 | 3 | __(29) |
| Drop in the quality of schools. | 1 | 2 | 3 | __(30) |
| These people would be a bad influence on my family because they don't believe in same things we do. | 1 | 2 | 3 | __(31) |
| Other (specify)________________<br>________________ | 1 | 2 | 3 | __(32) |

15 Which of the following two alternatives do you most prefer, and do you prefer the chosen alternative a great deal more, somewhat more, or just slightly more than the other?

Alternative 1 - A small number of low and moderate income housing units built in each enighborhood so that these households are scattered throughout the larger community.

Great Deal More ______1 Somewhat More ______2 Slightly More ______3 __(33)

Alternative 2 - The low and moderate income units to be built in a separate neighborhood within your larger community. The neighborhood, however, would share in the use of the community's services, facilities and school system.

Great Deal More ______1 Somewhat More ______2 Slightly More ______3 __(34)

16 We would like to know your degree of acceptance of the provision of low and moderate income housing in your neighborhood, if the provision of such housing would result in:

A. The government paying for an improved physical plant as well as increasing the quality level of the education given to the children in your community.

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(35) |
| Low income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(36) |
| Low income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(37) |
| Low income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(38) |
| Moderate income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(39) |
| Moderate income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(40) |
| Moderate income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(41) |
| Moderate income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(42) |

B. An assurance that crime and delinquency would not show any increase:

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(43) |
| Low income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(44) |

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(45) |
| Low income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(46) |
| Moderate income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(47) |
| Moderate income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(48) |
| Moderate income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(49) |
| Moderate income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(50) |

C. An assurance that the households residing in these new housing units would share your values, beliefs and attitudes toward family, work, religion and education.

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income white families with husbands and children | 1 | 2 | 3 | 4 | 5 | __(51) |
| Low income black families with husbands and children | 1 | 2 | 3 | 4 | 5 | __(52) |
| Moderate income white families with husbands and children | 1 | 2 | 3 | 4 | 5 | __(53) |
| Moderate income black families with husbands and children | 1 | 2 | 3 | 4 | 5 | __(54) |
| Low income white elderly | 1 | 2 | 3 | 4 | 5 | __(55) |
| Low income black elderly | 1 | 2 | 3 | 4 | 5 | __(56) |

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income white physically handicapped | 1 | 2 | 3 | 4 | 5 | __(57) |
| Low income black physically handicapped | 1 | 2 | 3 | 4 | 5 | __(58) |

D. An assurance that property values will be maintained.

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting | |
|---|---|---|---|---|---|---|
| Low income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(59) |
| Low income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(60) |
| Low income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(61) |
| Low income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(62) |
| Moderate income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(63) |
| Moderate income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(64) |
| Moderate income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(65) |
| Moderate income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(66) |
| Low income white elderly | 1 | 2 | 3 | 4 | 5 | __(67) |
| Low income black elderly | 1 | 2 | 3 | 4 | 5 | __(68) |
| Low income white physically handicapped | 1 | 2 | 3 | 4 | 5 | __(69) |
| Low income black physically handicapped | 1 | 2 | 3 | 4 | 5 | __(70) |

Card III __(1)
__(2)
__(3)
__(4)

E. A guaranteed increase in level of services, such as more frequent garbage collection, improved sanitation, water, fire and police protection without any increase in your property tax.

| Housing Provided to: | Greatly Accepting | Moderately Accepting | Indiffer-ent to | Moderate-ly Unac-cepting | Greatly Unac-cepting | |
|---|---|---|---|---|---|---|
| Low income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(5) |
| Low income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(6) |
| Low income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(7) |
| Low income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(8) |
| Moderate income white families with husbands | 1 | 2 | 3 | 4 | 5 | __(9) |
| Moderate income white families without husbands | 1 | 2 | 3 | 4 | 5 | __(10) |
| Moderate income black families with husbands | 1 | 2 | 3 | 4 | 5 | __(11) |
| Moderate income black families without husbands | 1 | 2 | 3 | 4 | 5 | __(12) |
| Low income white elderly | 1 | 2 | 3 | 4 | 5 | __(13) |
| Low income black elderly | 1 | 2 | 3 | 4 | 5 | __(14) |
| Low income white physically handicapped | 1 | 2 | 3 | 4 | 5 | __(15) |
| Low income black physically handicapped | 1 | 2 | 3 | 4 | 5 | __(16) |

We would like to ask just a few additional questions about your household:

1. Is the head of household: ___(17)

| | |
|---|---|
| Under 30 | ____1 |
| 31 - 45 | ____2 |
| 46 - 60 | ____3 |
| 61 or older | ____4 |

2. What is the occupation of head of household: ___(18-19)

| | |
|---|---|
| Blue collar | ____01 |
| White collar | ____02 |
| Sales | ____03 |
| Managerial/Administrative | ____04 |
| Professional/Technical | ____05 |
| Military Officer | ____06 |
| Military Enlisted or Non-commissioned Officer | ____07 |
| Retired | ____08 |
| Unemployed | ____09 |
| Student | ____10 |

3. What was the last grade head of household completed in school: ___(20-21

| | |
|---|---|
| Elementary 0 - 4th | ____01 |
| 5 - 8th | ____02 |
| High school 1 - 3 years | ____03 |
| High school graduate | ____04 |
| Technical/Vocational/ Business School | ____05 |
| College 1 - 3 years | ____06 |
| College graduate | ____07 |
| Post college graduate work | ____08 |
| Graduate degree | ____09 |

4. Does your household contain more than one wage earner? ___(22)

| | |
|---|---|
| Yes | ____1 |
| No | ____2 |

If yes, is additional wage earner employed: ___(23)

| | |
|---|---|
| Part time | ____1 |
| Full time | ____2 |

5. Please tell me the letter that corresponds to the total income before taxes of your family during 1969. This includes wages and salaries, business projects, net family income, pension, rent and any other income received by members of this family: __(24)

A 0 - $5,999 ___1
B $6 - 9,999 ___2
C 10 - 14,999 ___3
D 15 - 19,999 ___4
E 20 - 24,999 ___5
F 25 - and over ___6

6. Are you currently: __(25)

1) a non-registered voter ___1
2) a registered Independent ___2
3) a registered Republican ___3
4) a registered Democrat ___4

Interviewer: Please fill in respondent's:

Sex: Male ___1 __(26)
Female ___2
Race: White ___1 __(27)
Black ___2
Other ___3

Be sure to thank respondent very much and ask him/her if they would like to make any generalized comments concerning the topics covered by the questionnaire. For example, is there something else that they believe the government should do if it is going to have programs that enable low and moderate income families to live in the community?

Present comments below and/or on reverse:

For Questions 16A through 16E the interviewers were instructed to accept additional responses if the interviewee was unwilling to select one of the initially suggested alternatives. The additional accepted responses all fall into one of the following two categories:

Not Possible - which means that the respondent did not find the provision of such a facilitator credible.

Governmental - which is the rejection of governmental sponsorship of such programs.

In addition to these two there was still a small percent of those who refused to answer the questions and this was recorded as a "don't know".

## APPENDIX C

## SUMMARY OF THE SAMPLING METHODOLOGY

### THE SUBURANITE SAMPLE

Four geographic areas were defined for interview purposes based on the percentage of households in three income categories and the attitudinal climate present in the area. The four suburban areas were selected by staff members of the Miami Valley Regional Planning Commission.

Having selected the areas, the next step was to differentiate the households by income. Because of the lack of current income data by small area, the judgment of income had to be made by another method. The Board of Realtors" Deed Record Manuals for the years 1968 and 1969 were used for this purpose. These manuals list street name, street numbers and conveyance fee for houses sold in those two years. The conveyance fee is easily converted to house price ($1 fee per $1,000 selling price).

Income and house price were correlated through use of a standard ratio table:*

| Annual Income | House Price |
|---|---|
| $10,000 - 15,000 | $21,000 - 29,000 |
| 15,000 - 25,000 | 29,000 - 44,500 |
| 25,000 + | 44,500 + |

An equivalent rental figure was also calculated by using a base of 18% of monthly income:*

| Annual Income | Monthly Rent |
|---|---|
| $10,000 - 15,000 | $149 - 225 |
| 15,000 - 25,000 | 225 - 374 |
| 25,000 + | 374 |

Then began the process of locating the streets in the appropriate house price ranges and coding them on maps for all four areas. After this work was completed, the task of choosing specific households for interviewing was undertaken. For this, a directory of streets and their numbers was used. Streets were listed by price range and all numbers on those streets which could be assumed from the Deed Record Manuals to fall into the appropriate house price range were listed as well. All the street addresses were then numbered sequentially and a table of random numbers used to pull the sample households from the comprehensive list.

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*Urban Housing Market Analysis, U.S. Dept. of Housing and Urban Development, Sales Price-to-Income and Rent-to-Income Ratios, modified for the Dayton Area, December 1966.

Twice the number of required sample households was drawn in this manner to provide a duplicate sample pool which would be equivalent in terms of location, structure type, and income category. This duplicate sample was then used to make substitutions for households who refused to answer or not at homes after one callback. After the two samples were drawn (approximately 100 households in each of the three income brackets and in both structure types) then the streets were listed in a schedule that would make the interviewing as efficient as possible in regard to travel time.

Location of apartment complexes required a more varied effort. Vacancy studies, Chamber of Commerce material, the telephone directory, and newspaper advertisements were carefully scanned to get as comprehensive a list as possible. Zoning and land use maps were used also to pinpoint areas of multi-family structures. In addition, a thorough search was made through the Transportation Coordinating Committee dwelling unit count data to areas not otherwise indicated. Information on rents and number of units was gathered for all of the apartments and a random numbers table used to draw the sample. These complexes were then fit into the interviewing schedule.

The interviewers had far greater difficulty in obtaining cooperation from apartment dwellers than single-family households. In the suburbanite sample 44% of the apartment households and 40% of the single-family households had to be replaced with equivalent households due to not at homes after one callback and refusals. We make no claims that the replaced households were equivalent in their attitudes but only in terms of their income category, structure type and geographic location within the region. The single-family households were more frequently not at home, while the apartment dwellers maintained a higher refusal rate. Twenty-nine percent of the original low/moderate income sample had to be replaced with similar household types because 22% were not at home after one callback and 7% refused to be interviewed. The percent of completed interviews for the suburbanite and low and moderate income household samples are presented below.

(percent)

| | Completed Interviews | Not At Home | Refusal | Total |
|---|---|---|---|---|
| Suburbanite Sample: | | | | |
| Apartment Households | 56 | 13 | 31 | 100% |
| Single-family Households | 60 | 26 | 14 | 100% |
| Low/Moderate Income Household Sample | 71 | 22 | 4 | 100% |

THE LOW/MODERATE INCOME HOUSEHOLD SAMPLE

Low income was defined as households earning under $5,000 a year. Moderate income included those households falling within the $5,000 to $10,000 category. Since these definitions are not based on per capita estimates there are no doubt some households improperly categorized due to their size.

The sample for households making under $5,000 a year was drawn originally at random from the Dayton Metropolitan Housing Authority's waiting list. The list was found to work well for locating poor families in the black neighborhoods. However, in the white neighborhoods the list was not as valid for many of the houses were vacant or no longer in existence. Thus, it was decided to use another method for determining where to best locate white families in this income category.

The method chosen was that of identifying geographic concentrations of poor white households in the City of Dayton. Mrs. Minnie Johnson of the MVRPC staff was queried about this subject and she suggested we use the Burns-Jackson area and the Parkside Homes and Cliburn Manor Public Housing projects. Subsequently, a random sample of white low income households was selected for interviewing in these three areas.

The sample of households in the to $10,000 yearly income category was drawn by using the Deed Record Manuals as in the suburbanite sample. Using the ratio table it was defined that persons in this income range would most likely buy homes in the price range of $12,000 to $20,000. Therefore, the Manuals were carefully examined and those streets on which houses in the appropriate price range predominated, extracted. All houses in the appropriate street number rnage were then listed from the city directory and a random sample taken from that list. This method was used for both black and white households in this income bracket.

This method was not faultless, however, and especially in the white areas several of the sample households were found to be in a higher income bracket than was designated for this moderate income group. Randomly selected alternates, therefore, were used in order to obtain the required number of interviews.

The resultant coverage of the low and moderate income interviews included West Dayton, lower Dayton View and scattered areas in Northwest, East and South Dayton. The interviewing was completed with little difficulty.

## APPENDIX D

### A Description of the Twelve Mutually Exclusive Suburban Categories

| Suburban Groupings | Life Style[1] | Income[2] | Age[3] |
|---|---|---|---|
| 1 | 1 | 2 | 1 |
| 2 | 1 | 2 | 0 |
| 3 | 1 | 1 | 1 |
| 4 | 1 | 1 | 0 |
| 5 | 1 | 0 | 1 |
| 6 | 1 | 0 | 0 |
| 7 | 0 | 2 | 1 |
| 8 | 0 | 2 | 0 |
| 9 | 0 | 1 | 1 |
| 10 | 0 | 1 | 0 |
| 11 | 0 | 0 | 1 |
| 12 | 0 | 0 | 0 |

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[1] Ideally the Life Style variable would have separated multi-family structure, childless, more than one wage earner households from single-family structure, children, one wager earner households. But because households do not fall so neatly into these two mutually exclusive categories the Life Style variable was calculated as follows:

0 { 1 Multi-family, no children, more than one wage earner
2 Multi-family, children, more than one wage earner
3 Multi-family, no children, one wage earner
4 Single-family, no children, more than one wage earner }

1 { 5 Multi-family, children, more than one wage earner
6 Single-family, no children, one wage earner
7 Single-family, children, more than one wage earner
8 Single-family, children, one wage earner }

[2] Household Income
0 = $14,999 and under
1 - $15,000 - $24,999
2 = $25,000 and over

[3] Age of Head of Household
0 = 45 and under
1 = over 45

## APPENDIX E

### Mean Scores
### Suburban Reactions to Low/Moderate Income Groups and Program Facilitators

| Suburban Prototype | Low Income White Family-Husband | | | | | | | | Low Income White Family-No Husband | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No Facilitators Population Level | | | With Facilitators | | | | | No Facilitators Population Level | | | With Facilitators | | | | |
| | 5% | 10% | 20% | A | B | C | D | E | 5% | 10% | 20% | A | B | C | D | E |
| Single-Family 25+, Over 45 | 3.65<br>- | 3.82<br>- | 4.12<br>- | 3.13<br>= | 2.56<br>= | 2.20<br>+ | 2.56<br>= | 2.67<br>= | 3.94<br>- | 4.06<br>- | 4.35<br>- | 3.33<br>= | 3.00<br>= | NA | 2.78<br>= | 2.89<br>= |
| Single-Family 25+, Under 45 | 3.22<br>= | 3.67<br>- | 4.00<br>- | 2.67<br>= | 2.33<br>+ | 2.60<br>= | 3.20<br>= | 2.80<br>= | 2.67<br>= | 3.89<br>- | 4.10<br>- | 3.00<br>= | 3.67<br>- | NA | 3.20<br>= | 2.80<br>= |
| Single-Family 16-24, Over 45 | 3.20<br>= | 3.90<br>- | 4.20<br>- | 2.50<br>= | 2.60<br>= | 2.40<br>+ | 2.18<br>+ | 2.33<br>+ | 3.40<br>= | 4.10<br>- | 4.60<br>- | 2.75<br>= | 3.00<br>= | NA | 2.36<br>+ | 2.92<br>= |
| Single-Family 16-24, Under 45 | 3.66<br>- | 4.00<br>- | 4.31<br>- | 3.00<br>= | 2.72<br>= | 2.80<br>= | 2.94<br>= | 2.93<br>= | 3.76<br>- | 4.21<br>- | 4.45<br>- | 3.37<br>= | 3.17<br>= | NA | 2.89<br>= | 3.07<br>= |
| Single-Family 15&Under, Over 45 | 3.55<br>- | 3.68<br>- | 3.91<br>- | 2.44<br>+ | 2.56<br>= | 2.80<br>= | 1.78<br>+ | 2.60<br>= | 3.42<br>= | 3.86<br>- | 4.10<br>- | 2.93<br>= | 3.25<br>= | NA | 2.32<br>+ | 2.90<br>= |
| Single-Family 15&Under, Under 45 | 3.18<br>= | 3.58<br>- | 3.98<br>- | 2.44<br>+ | 2.61<br>= | 2.30<br>+ | 2.24<br>+ | 2.13<br>+ | 3.38<br>= | 3.88<br>- | 4.16<br>- | 2.56<br>= | 2.70<br>= | NA | 2.33<br>+ | 2.25<br>+ |
| Multi-Family 25+, Over 45 | 3.63<br>- | 3.89<br>- | 4.11<br>- | 2.86<br>= | 2.57<br>= | 2.50<br>= | 2.33<br>+ | 2.36<br>+ | 3.74<br>- | 3.95<br>- | 3.67<br>- | 3.14<br>= | 2.65<br>= | NA | 2.43<br>+ | 2.41<br>+ |
| Multi-Family 25+, Under 45 | 3.32<br>= | 3.32<br>= | 4.33<br>- | 3.00<br>= | 2.50<br>= | 2.40<br>+ | 2.50<br>= | 2.40<br>+ | 3.33<br>= | 3.67<br>- | 4.38<br>- | 3.00<br>= | 2.50<br>= | NA | 2.50<br>= | 2.40<br>+ |
| Multi-Family 16-24, Over 45 | 3.57<br>- | 3.86<br>- | 4.07<br>- | 2.67<br>= | 3.11<br>= | 2.60<br>= | 2.67<br>= | 2.78<br>= | 3.85<br>- | 4.15<br>- | 4.89<br>- | 3.00<br>= | 3.33<br>= | NA | 2.89<br>= | 3.00<br>= |
| Multi-Family 16-24, Under 45 | 3.40<br>= | 4.00<br>- | 4.40<br>- | 3.43<br>= | 2.27<br>+ | 2.30<br>+ | 2.17<br>+ | 2.46<br>+ | 3.70<br>- | 4.10<br>- | 4.40<br>- | 3.56<br>- | 2.45<br>+ | NA | 2.64<br>= | 2.62<br>= |
| Multi-Family 15&Under, Over 45 | 3.44<br>= | 3.47<br>= | 3.78<br>- | 2.14<br>+ | 2.00<br>+ | 2.30<br>+ | 2.14<br>+ | 2.17<br>+ | 3.44<br>= | 3.67<br>- | 3.89<br>- | 2.29<br>+ | 2.29<br>+ | NA | 2.14<br>+ | 2.17<br>+ |
| Multi-Family 15&Under, Under 45 | 3.36<br>= | 3.64<br>- | 4.12<br>- | 2.33<br>+ | 2.28<br>+ | 2.30<br>+ | 2.08<br>+ | 2.03<br>+ | 3.60<br>- | 3.92<br>- | 4.40<br>- | 2.54<br>= | 2.42<br>+ | NA | 2.17<br>+ | 2.14<br>+ |

Definition of the Scores:
+ = mean score is positive (1.00-2.49)
= = mean score is neutral (2.50-3.50)
- = mean score is negative (3.51-5.00)

NA = questions not asked because fear programs to alleviate were not relevant to these low and moderate income groups

## Mean Scores

## Suburban Reactions to Low/Moderate Income Groups and Program Facilitators

| | Low Income Black Family-Husband | | | | | | | | Low Income Black Family-No Husband | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No Facilitators | | | With Facilitators | | | | | No Facilitators | | | With Facilitators | | | | |
| | Population Level | | | | | | | | Population Level | | | | | | | |
| Suburban Prototype | 5% | 10% | 20% | A | B | C | D | E | 5% | 10% | 20% | A | B | C | D | E |
| Single-Family 25+, Over 45 | 4.07<br>- | 4.13<br>- | 4.20<br>- | 3.33<br>= | 2.56<br>= | 2.00<br>+ | 2.56<br>= | 2.67<br>= | 4.27<br>- | 4.27<br>- | 4.40<br>- | 3.67<br>- | 3.56<br>- | NA | 3.11<br>= | 3.22<br>= |
| Single-Family 25+, Under 45 | 3.56<br>- | 3.89<br>- | 4.22<br>- | 2.67<br>= | 3.33<br>= | 2.60<br>= | 3.60<br>- | 3.40<br>= | 3.67<br>- | 3.44<br>= | 4.11<br>- | 3.00<br>= | 3.67<br>- | NA | 3.60<br>- | 3.40<br>= |
| Single-Family 16-24, Over 45 | 3.50<br>= | 4.30<br>- | 4.70<br>- | 2.88<br>= | 3.20<br>= | 3.00<br>= | 2.55<br>= | 2.42<br>+ | 3.80<br>- | 4.30<br>- | 4.70<br>- | 3.38<br>= | 3.44<br>= | NA | 2.82<br>= | 2.92<br>= |
| Single-Family 16-24, Under 45 | 3.69<br>- | 4.14<br>- | 4.41<br>- | 2.17<br>+ | 2.94<br>= | 2.90<br>= | 2.44<br>+ | 2.93<br>= | 3.97<br>- | 4.34<br>- | 4.55<br>- | 3.68<br>- | 3.17<br>= | NA | 2.89<br>= | 3.07<br>= |
| Single-Family 15&Under, Over 45 | 3.57<br>- | 3.71<br>- | 4.05<br>- | 2.50<br>= | 2.63<br>= | 2.80<br>= | 2.22<br>+ | 2.60<br>= | 3.80<br>- | 4.05<br>- | 4.30<br>- | 3.00<br>= | 3.25<br>= | NA | 2.44<br>+ | 2.90<br>= |
| Single-Family 15&Under, Under 45 | 3.48<br>= | 3.85<br>- | 4.23<br>- | 2.72<br>= | 2.74<br>= | 2.60<br>= | 2.38<br>+ | 2.25<br>+ | 3.60<br>- | 4.10<br>- | 4.38<br>- | 3.08<br>= | 2.96<br>= | NA | 2.38<br>+ | 2.50<br>= |
| Multi-Family 25+, Over 45 | 3.74<br>- | 3.89<br>- | 3.95<br>- | 3.21<br>= | 2.78<br>= | 2.60<br>= | 2.52<br>= | 2.45<br>+ | 4.00<br>- | 4.16<br>- | 4.42<br>- | 3.43<br>= | 2.96<br>= | NA | 2.55<br>= | 2.55<br>= |
| Multi-Family 25+, Under 45 | 3.33<br>= | 3.67<br>- | 4.43<br>- | 3.00<br>= | 2.50<br>= | 3.10<br>= | 2.50<br>= | 2.40<br>+ | 3.33<br>= | 3.67<br>- | 4.43<br>- | 3.00<br>= | 2.50<br>= | NA | 2.50<br>= | 2.40<br>+ |
| Multi-Family 16-24, Over 45 | 3.93<br>- | 4.29<br>- | 4.50<br>- | 3.25<br>= | 3.67<br>- | 2.00<br>+ | 3.33<br>= | 3.56<br>- | 4.36<br>- | 4.57<br>- | 4.71<br>- | 3.58<br>- | 3.89<br>- | NA | 3.67<br>- | 3.89<br>- |
| Multi-Family 16-24, Under 45 | 3.90<br>- | 4.20<br>- | 4.50<br>- | 4.00<br>- | 2.73<br>= | 2.80<br>= | 2.75<br>= | 2.92<br>= | 4.10<br>- | 4.50<br>- | 4.60<br>- | 4.22<br>- | 3.09<br>= | NA | 2.92<br>= | 3.23<br>= |
| Multi-Family 15&Under, Over 45 | 3.56<br>- | 3.78<br>- | 4.00<br>- | 2.29<br>+ | 2.14<br>+ | 2.30<br>+ | 2.14<br>+ | 2.50<br>= | 3.56<br>- | 3.78<br>- | 4.00<br>- | 2.29<br>+ | 2.57<br>= | NA | 2.14<br>+ | 2.50<br>= |
| Multi-Family 15&Under, Under 45 | 3.60<br>- | 4.00<br>- | 4.40<br>- | 2.54<br>= | 2.39<br>+ | 2.50<br>= | 2.28<br>+ | 2.22<br>+ | 3.88<br>- | 4.12<br>- | 4.56<br>- | 2.71<br>= | 3.69<br>- | NA | 2.36<br>+ | 2.33<br>+ |

Definition of Scores:
+ = mean score is positive (1.00-2.49)
= = mean score is neutral (2.50-3.50)
- = mean score is negative (3.51-5.00)

NA = questions not asked because fear programs to alleviate were not relevant to these low and moderate income groups

## Mean Scores

Suburban Reactions to Low/Moderate Income Groups and Program Facilitators

| Suburban Prototype | Moderate Income White Family-Husband |  |  |  |  |  |  |  | Moderate Income White Family-No Husband |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | No Facilitators<br>Population Level |  |  | With Facilitators |  |  |  |  | No Facilitators<br>Population Level |  |  | With Facilitators |  |  |  |  |
|  | 5% | 10% | 20% | A | B | C | D | E | 5% | 10% | 20% | A | B | C | D | E |
| Single-Family 25+, Over 45 | 3.18<br>= | 3.41<br>= | 3.47<br>= | 2.93<br>= | 2.22<br>+ | 1.80<br>+ | 2.22<br>+ | 2.44<br>+ | 3.47<br>= | 3.65<br>- | 3.71<br>- | 3.13<br>= | 2.67<br>= | NA | 2.44<br>+ | 2.67<br>= |
| Single-Family 25+, Under 45 | 3.11<br>= | 3.22<br>= | 3.56<br>- | 2.50<br>= | 3.33<br>= | 2.60<br>= | 3.80<br>- | 2.60<br>= | 3.11<br>= | 3.22<br>= | 3.67<br>- | 2.67<br>= | 3.67<br>- | NA | 3.20<br>= | 3.00<br>= |
| Single-Family 16-24, Over 45 | 3.10<br>= | 3.30<br>= | 3.55<br>= | 2.25<br>+ | 2.33<br>+ | 2.20<br>+ | 1.90<br>+ | 2.08<br>+ | 3.20<br>= | 3.30<br>= | 3.50<br>= | 2.38<br>+ | 2.67<br>= | NA | 2.18<br>+ | 2.25<br>+ |
| Single-Family 16-24, Under 45 | 3.07<br>= | 3.31<br>= | 3.62<br>- | 3.00<br>= | 2.72<br>= | 2.80<br>= | 2.33<br>+ | 2.79<br>= | 3.28<br>= | 3.59<br>- | 3.92<br>- | 3.32<br>= | 3.11<br>= | NA | 2.67<br>= | 2.93<br>= |
| Single-Family 15&Under, Over 45 | 3.27<br>= | 3.36<br>= | 3.41<br>= | 1.69<br>+ | 1.88<br>+ | 2.00<br>+ | 1.80<br>+ | 1.90<br>+ | 3.38<br>= | 3.52<br>- | 3.76<br>- | 2.47<br>+ | 2.88<br>= | NA | 2.00<br>+ | 2.20<br>+ |
| Single-Family 15&Under, Under 45 | 2.95<br>= | 2.95<br>= | 3.18<br>= | 2.44<br>+ | 2.43<br>+ | 2.40<br>+ | 2.24<br>+ | 2.21<br>+ | 2.88<br>= | 3.18<br>= | 3.50<br>= | 2.53<br>= | 2.57<br>= | NA | 2.29<br>+ | 2.29<br>+ |
| Multi-Family 25+, Over 45 | 3.16<br>= | 3.2[illegible]<br>= | 3.42<br>= | 2.64<br>= | 2.43<br>+ | 2.40<br>+ | 2.14<br>+ | 2.18<br>+ | 3.32<br>= | 3.42<br>= | 3.53<br>- | 2.86<br>= | 2.57<br>= | NA | 2.33<br>+ | 2.27<br>+ |
| Multi-Family 25+, Under 45 | 3.00<br>= | 3.00<br>= | 3.00<br>= | 3.00<br>= | 2.50<br>= | 2.00<br>+ | 2.50<br>= | 2.40<br>+ | 3.00<br>= | 3.00<br>= | 3.00<br>= | 3.00<br>= | 2.50<br>= | NA | 2.50<br>= | 2.40<br>+ |
| Multi-Family 16-24, Over 45 | 3.21<br>= | 3.43<br>= | 3.64<br>- | 2.67<br>= | 2.89<br>= | 1.70<br>+ | 2.44<br>+ | 2.44<br>+ | 3.50<br>- | 3.79<br>- | 3.93<br>- | 3.68<br>- | 3.11<br>= | NA | 2.78<br>= | 2.78<br>= |
| Multi-Family 16-24, Under 45 | 2.80<br>= | 3.00<br>= | 3.20<br>= | 2.56<br>= | 1.91<br>+ | 1.80<br>+ | 2.17<br>+ | 2.15<br>+ | 3.20<br>= | 3.50<br>= | 4.00<br>- | 2.78<br>= | 2.18<br>+ | NA | 2.25<br>+ | 2.3[illegible]<br>+ |
| Multi-Family 15&Under, Over 45 | 3.22<br>= | 3.33<br>= | 3.56<br>- | 2.14<br>+ | 1.86<br>+ | 2.30<br>+ | 2.14<br>+ | 2.33<br>+ | 3.22<br>= | 3.56<br>- | 3.67<br>- | 2.14<br>+ | 2.00<br>+ | NA | 2.14<br>+ | 2.33<br>+ |
| Multi-Family 15&Under, Under 45 | 3.00<br>= | 3.12<br>= | 3.16<br>= | 2.38<br>+ | 2.14<br>+ | 2.10<br>+ | 1.89<br>+ | 1.94<br>+ | 3.04<br>= | 3.16<br>= | 3.32<br>= | 2.42<br>+ | 2.20<br>+ | NA | 2.00<br>+ | 2.06<br>+ |

Definition of the Scores:
+ = mean score is positive (1.00-2.49)
= = mean score is neutral (2.50-3.50)
- = mean score is negative (3.51-5.00)

NA = questions not asked because fear programs to alleviate were not relevant to these low and moderate income groups E-4

## Mean Scores

## Suburban Reactions to Low/Moderate Income Groups and Program Facilitators

| Suburban Prototype | Moderate Income Black Family-Husband |  |  |  |  |  |  |  | Moderate Income Black Family-No Husband |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | No Facilitators Population Level |  |  | With Facilitators |  |  |  |  | No Facilitators Population Level |  |  | With Facilitators |  |  |  |  |
|  | 5% | 10% | 20% | A | B | C | D | E | 5% | 10% | 20% | A | B | C | D | E |
| Single-Family 25+, Over 45 | 3.73<br>- | 3.73<br>- | 3.67<br>- | 3.07<br>= | 2.56<br>= | 2.00<br>+ | 2.44<br>+ | 2.56<br>= | 3.93<br>- | 3.93<br>- | 3.93<br>- | 3.25<br>= | 3.44<br>= | NA | 3.00<br>= | 3.00<br>= |
| Single-Family 25+, Under 45 | 3.22<br>= | 3.44<br>= | 4.33<br>- | 2.67<br>= | 3.33<br>= | 2.60<br>= | 3.40<br>= | 3.40<br>= | 3.33<br>= | 3.78<br>- | 4.11<br>- | 3.50<br>= | 3.67<br>- | NA | 3.40<br>= | 3.40<br>= |
| Single-Family 16-24, Over 45 | 3.50<br>= | 3.60<br>- | 3.90<br>- | 2.63<br>= | 4.00<br>- | 2.60<br>= | 2.36<br>+ | 2.25<br>+ | 3.50<br>= | 3.80<br>- | 4.00<br>- | 2.89<br>= | 3.10<br>= | NA | 2.64<br>= | 2.33<br>+ |
| Single-Family 16-24, Under 45 | 3.38<br>= | 3.59<br>- | 4.00<br>- | 3.05<br>= | 2.78<br>= | 2.80<br>= | 2.33<br>+ | 2.79<br>= | 3.55<br>- | 3.83<br>- | 4.17<br>- | 3.80<br>- | 3.22<br>= | NA | 2.78<br>= | 2.93<br>= |
| Single-Family 15&Under,Over 45 | 3.38<br>= | 3.43<br>= | 3.57<br>- | 2.19<br>+ | 2.75<br>= | 2.40<br>+ | 2.10<br>+ | 2.20<br>+ | 3.65<br>- | 3.80<br>- | 3.90<br>- | 2.60<br>= | 3.00<br>= | NA | 2.50<br>= | 2.50<br>= |
| Single-Family 15&Under,Under 45 | 3.15<br>= | 3.33<br>= | 3.60<br>- | 2.64<br>= | 2.52<br>= | 2.50<br>= | 2.29<br>+ | 2.29<br>+ | 3.40<br>= | 3.65<br>- | 3.90<br>- | 2.83<br>= | 3.39<br>= | NA | 2.33<br>+ | 2.33<br>+ |
| Multi-Family 25+, Over 45 | 3.15<br>= | 3.58<br>- | 3.79<br>- | 2.93<br>= | 2.74<br>= | 2.50<br>= | 2.52<br>= | 2.41<br>+ | 3.58<br>- | 3.74<br>- | 3.89<br>- | 3.29<br>= | 2.87<br>= | NA | 2.57<br>= | 2.45<br>+ |
| Multi-Family 25+, Under 45 | 3.00<br>= | 3.00<br>= | 3.00<br>= | 3.00<br>= | 2.50<br>= | 2.00<br>+ | 2.50<br>= | 2.40<br>+ | 3.00<br>= | 3.00<br>= | 3.00<br>= | 2.25<br>+ | 2.50<br>= | NA | 2.50<br>= | 2.40<br>+ |
| Multi-Family 16-24, Over 45 | 3.43<br>= | 3.86<br>- | 4.14<br>- | 3.17<br>= | 3.44<br>= | 2.80<br>= | 3.22<br>= | 3.33<br>= | 3.79<br>- | 4.21<br>- | 4.36<br>- | 2.50<br>= | 3.89<br>- | NA | 3.89<br>- | 3.67<br>- |
| Multi-Family 16-24, Under 45 | 3.40<br>= | 4.00<br>- | 4.20<br>- | 3.44<br>= | 2.18<br>+ | 2.00<br>+ | 2.33<br>+ | 2.77<br>= | 3.90<br>- | 4.00<br>- | 4.40<br>- | 3.15<br>= | 2.64<br>= | NA | 2.58<br>= | 2.85<br>= |
| Multi-Family 15&Under,Over 45 | 3.44<br>= | 3.67<br>- | 3.78<br>- | 2.14<br>+ | 2.29<br>+ | 2.30<br>+ | 2.14<br>+ | 2.33<br>+ | 3.44<br>= | 3.78<br>- | 4.00<br>- | 2.17<br>+ | 2.29<br>+ | NA | 2.14<br>+ | 2.33<br>+ |
| Multi-Family 15&Under,Under 45 | 3.04<br>= | 3.28<br>= | 3.44<br>= | 2.42<br>+ | 2.14<br>+ | 2.40<br>+ | 2.03<br>+ | 2.06<br>+ | 3.20<br>= | 3.56<br>- | 3.80<br>- | 2.67<br>= | 2.31<br>+ | NA | 2.17<br>+ | 2.22<br>+ |

Definition of the Scores:
+ = mean score is positive (1.00-2.49)
= = mean score is neutral (2.50-3.50)
- = mean score is negative (3.51-5.00)

NA = questions not asked because fear programs to alleviate were not relevant to these low and moderate income groups

| | Number of Respondent Households in Each of the Twelve Suburban Prototypes | Standard Error of the Mean* |
|---|---|---|
| 1 | 10 | .62 |
| 2 | 6 | .80 |
| 3 | 12 | .56 |
| 4 | 25 | .40 |
| 5 | 13 | .54 |
| 6 | 27 | .38 |
| 7 | 27 | .38 |
| 8 | 6 | .80 |
| 9 | 12 | .56 |
| 10 | 14 | .52 |
| 11 | 9 | .66 |
| 12 | 37 | .32 |

* The standard error is primarily a measure of sample variability, that is, of the variations that occur by chance because a sample rather than the entire population is surveyed. As calculated for this report, the standard error also partially measures the effect of response and enumeration errors, but it does not measure, as such, any systematic biases in the data. The chances are about 68 out of 100 that an estimate from the sample would differ from a complete census figure by less than the standard error. The chances are about 95 out of 100 that the difference would be less than twice the standard error.

## APPENDIX F

### Reactions to Low Income Groups and Facilitating Programs by Suburbanites Categorized by Age of Household Head, Household Income and Residential Structure Type

Correlations between .13 and .16 are significant at the .05 level but <.01 while correlations of .17 and above are significant at or >.01 level

| Household Type | Facilitator A Education | | | Facilitator B Crime | | | Facilitator C Values | | | Facilitator D Property Values | | | Facilitator E Services | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Income | Age | Structure | Income | Age | Structure | Income | Age | Structure | Income | Age | Structure | Income | Age | Structure |
| Low Income White Family-Husband | .16 | .18 | .16 | .12 | .11 | .21 | .10 | .12 | .21 | .15 | .14 | .17 | .13 | .16 | .18 |
| Low Income White Family-No Husband | .21 | .21 | .18 | .09 | .16 | .25 | NA | NA | NA | .16 | .15 | .18 | .13 | .16 | .15 |
| Low Income Black Family-Husband | .18 | .17 | .13 | .11 | .15 | .18 | .11 | .12 | .18 | .15 | .13 | .14 | .12 | .13 | .15 |
| Low Income Black Family-No Husband | .21 | .19 | .17 | .13 | .19 | .22 | NA | NA | NA | .18 | .16 | .14 | .14 | .15 | .14 |
| Moderate Income White Family-Husband | .17 | .16 | .12 | .10 | .13 | .20 | .15 | .12 | .19 | .17 | .13 | .12 | .13 | .14 | .15 |
| Moderate Income White Family-No Husband | .21 | .17 | .13 | .11 | .14 | .22 | NA | NA | NA | .18 | .14 | .16 | .15 | .16 | .12 |
| Moderate Income Black Family-Husband | .17 | .14 | .08 | .13 | .18 | .15 | .16 | .13 | .15 | .18 | .15 | .18 | .15 | .14 | .12 |
| Moderate Income Black Family-No Husband | .23 | .19 | .13 | .16 | .20 | .22 | NA | NA | NA | .19 | .17 | .17 | .15 | .15 | .17 |
| Low Income White Elderly | NA | NA | NA | NA | NA | NA | .12 | .13 | .20 | .16 | .13 | .15 | .12 | .13 | .15 |
| Low Income Black Elderly | NA | NA | NA | NA | NA | NA | .13 | .13 | .18 | .15 | .13 | .18 | .14 | .12 | .17 |
| Low Income White Physically Handicapped | NA | NA | NA | NA | NA | NA | .11 | .12 | .23 | .15 | .13 | .15 | .12 | .14 | .16 |
| Low Income Black Physically Handicapped | NA | NA | NA | NA | NA | NA | .14 | .13 | .21 | .15 | .13 | .18 | .12 | .13 | .15 |

NA = questions not asked because fear programs to alleviate were not relevant to these low and moderate income groups

F-1 — F-2

## APPENDIX G

## PUBLIC OFFICIAL QUESTIONNAIRE

Person interviewed ____________________

Date ____________

How do you feel your community would accept the following new housing structures?

| Structure types | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting |
|---|---|---|---|---|---|
| Owner-occupied single family houses | | | | | |
| Renter-occupied single family houses | | | | | |
| Free-standing low rise apartments | | | | | |
| Free-standing high rise apartments | | | | | |
| High rise projects | | | | | |
| Low rise projects | | | | | |
| Garden type apartments | | | | | |
| Townhouse apartments | | | | | |

For all negative responses ask "why".

How do you feel your community would accept the following new household types provided they make up less than 10% of your community's population:

| Household type | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting |
|---|---|---|---|---|---|
| Low income (Under $5,000) White elderly | | | | | |
| Low income (Under $5,000) Black elderly | | | | | |
| Low income (Under $5,000) White Physically handicapped | | | | | |
| Low income (Under $5,000) Black Physically handicapped | | | | | |
| Low income (Under $5,000) White family with husband | | | | | |
| Low income (Under $5,000) Black family with husband | | | | | |
| Low income (Under $5,000) White family without husband | | | | | |
| Low income (Under $5,000) Black family without husband | | | | | |
| Moderate income ($5-10,000) White family with husband | | | | | |
| Moderate income ($5-10,000) Black family with husband | | | | | |
| Moderate income ($5-10,000) White family without husband | | | | | |
| Moderate income ($5-10,000) Black family without husband | | | | | |

How do you feel your community would accept the following new household types provided they make up more than 20% of your community's population:

| Household type | Greatly Accepting | Moderately Accepting | Indifferent to | Moderately Unaccepting | Greatly Unaccepting |
|---|---|---|---|---|---|
| Low income (Under $5,000) White elderly | | | | | |
| Low income (Under $5,000) Black elderly | | | | | |
| Low income (Under $5,000) White Physically handicapped | | | | | |
| Low income (Under $5,000) Black Physically handicapped | | | | | |
| Low income (Under $5,000) White family with husband | | | | | |
| Low income (Under $5,000) Black family with husband | | | | | |
| Low income (Under $5,000) White family without husband | | | | | |
| Low income (Under $5,000) Black family without husband | | | | | |
| Moderate income ($5-10,000) White family with husband | | | | | |
| Moderate income ($5-10,000) Black family with husband | | | | | |
| Moderate income ($5-10,000) White family without husband | | | | | |
| Moderate income ($5-10,000) Black family without husband | | | | | |

If negative response to questions 2 or 3:

I am going to read you a list of statements and would like to know which are VERY IMPORTANT, IMPORTANT or UNIMPORTANT to your feeling that this household type would be harmful to your community.

| Statement | Very Important | Important | Unimportant |
|---|---|---|---|
| Property values would drop | | | |
| Property taxes would increase due to need for increased services | | | |
| Community would face drop in social status | | | |
| Community would become less stable | | | |
| These people would not fit in with rest of community | | | |
| Housing maintenance and condition would decrease | | | |
| Decrease in law and order | | | |
| Change in character of community with shopping facilities catering to new groups' needs | | | |
| Drop in quality of the schools | | | |
| Other - (specify) | | | |

Would you ENCOURAGE, DISCOURAGE, or TAKE NO POSITION on issues such as zoning and planning guidelines within your jurisdiction that will tend to promote the development of new housing partially financed by the following programs:

| | Encourage | Discourage | Take No Position |
|---|---|---|---|
| Standard public housing in projects | | | |
| Scattered public housing | | | |
| Turnkey public housing | | | |
| FHA housing | | | |
| V.A. housing | | | |
| Conventional | | | |

| | Encourage | Discourage | Take No Position |
|---|---|---|---|
| 235 (subsidies for moderate income single family residences) | | | |
| 236 (subsidies for moderate income multi-family residences) | | | |

Which groups most influence your thinking on providing low and moderate income housing in your community?

Are there any other comments you would like to make on this subject?

## APPENDIX H

September 2, 1970

Our firm is currently working with the Miami Valley Regional Planning Commission staff on a two-phase study of programs to provide suburban housing opportunities for low and moderate income families. This research effort follows a detailed analysis by the planning staff that made specific allocations of the housing needs of low and moderate income households to the suburban sub-areas of this five-county Ohio region. The first phase of the work we are doing now is a survey research program investigating the reactions of three groups to various programs and approaches for providing the needed low and moderate income housing in the suburbs. The three groups are: (a) a sample of low and moderate income households of the type that would be living in the units, (b) a sample of the present residents of four suburban sub-areas and (c) a sample of the regions' public officials, builders, real estate operators and brokers.

Not surprisingly, both the positive and negative reactions of all three groups stem from their attitudes toward and expectations concerning the impact of the following kinds of integration or mixing:

1. Economic - Households with widely diverging incomes living in the same block, neighborhood or community.
2. Socio-Cultural - Households with greatly differing values and life styles (i.e., differing household types) living in the same block, neighborhood or community.
3. Racial
4. Structural - Single-family and multi-unit dwellings being mixed on the same block, neighborhood or community.

The second phase of our research will be directed toward forecasting the impact of various programs and approaches on the factors of concern to both the local low and moderate income residents that are presumed to benefit from the provision of new housing in the suburbs, and on the factors that are of concern to the present residents of the Miami Valley suburbs. A portion of the analysis required in phase two will, of course, utilize the information on local attitudes and priorities now being generated by the phase one research. We will also draw on published reports of the impacts that have resulted from housing integration or mixing of one or more of the four types listed above. But we find few documented analyses of such impacts except for areas in very rapid transitions - this is particularly true of economic and socio-cultural housing integration; and that is why we are writing you.

We would like to draw upon your knowledge and experience to help us find areas where such mixings have occurred. If you know of economically, socially, racially or structurally mixed residential areas in the United States please tell us about them.

We would appreciate your filling out the enclosed questionnaire. Please feel free to call me collect if you have questions or would rather make your comments verbally.

Sincerely,

Claude Gruen

Claude Gruen
Principal Economist

CG:ek

Enclosure

## LOW/MODERATE INCOME HOUSING QUESTIONNAIRE

We are writing you because of your housing expertise. This questionnaire is not meant to be a constraint on your answers but a guideline. We welcome any comments or opinions you may wish to offer. Please call Dr. Claude Gruen collect at (415) 433-7598 if you have any questions or would prefer commenting over the phone.

I. Do you know of any residential areas that provide housing for low and moderate income households that contain a wide range of economically, socially or racially divergent residents and/or contain a variety of structural types?

Yes ( ) If so, please continue with Question II.

No ( ) If not, please feel free to comment.

II. Which of these would you list as the best example of such housing environments?

| Name | Location |
|---|---|

a. What size area is it?

b. What kinds and what degree of mixing or integration is represented by the area? If it is possible, would you state the degree of mixing or integration in percentage terms.

1. Economic (i.e., range of income dispersion)

2. Racial

3. Socio-Cultural (i.e., household types, ethnic groups, occupations)

4. Structural (building types)

c. Approximately how many dwelling units are contained in the area?

d. Would you provide a short description of the area.

e. Would you describe the area or areas that surround it if housing is one of the adjacent uses; how does it compare on type, price and quality to the nominated area?

f. Please comment on or discuss the following:

How well do you think this area has succeeded in mixing groups and structural types? In what ways has it been successful? In what ways has it been a failure? How stable do you think the present mix is? What do you think the future make-up of the area will be? What impact has the general area had on the larger community?

g. If you have any other information about the area we would appreciate your mailing it to us. If not, where can we write or call to get more information about the area?

THANK YOU VERY MUCH FOR YOUR COOPERATION.

## APPENDIX I

| | |
|---|---|
| Name of Area or Development: | Lower East Side in vicinity of Chatham Square |
| Location: | New York |
| Size of Area: | No answer |
| Type of Development: | No answer |
| No. of Total Units in Development: | 2,000 to 3,000 |
| Economic Mix: | Low to upper middle |
| Socio-Cultural Mix: | Chinese, Italian, Greek, Puerto-Rican, Black, Christian, Jew, Anglo-Saxon |
| Racial Mix: | White, Black, Oriental |
| Structural Mix: | Highrise, 8 to 25 stories<br>Few 2 to 3-story brownstones |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Uniondale |
| Location: | Long Island, New York |
| Size of Area: | 4,298 acres |
| Type of Development: | Tract type, single-family housing |
| No. of Total Units in Development: | 11,000 dwelling units |
| Economic Mix: | $7,000 to $12,000 |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | 11% Black |
| Structural Mix: | Apartments to 7 stories and single-family houses |
| Degree of Success in Mixing: | No housing mix but racial mixture which appears to be stable |

| | |
|---|---|
| Name of Area or Development: | Hempstead |
| Location: | Long Island, New York |
| Size of Area: | 2,031 acres |
| Type of Development: | Single-family housing and apartments, some to 7 stories |
| No. of Total Units in Development: | 6,000 dwelling units |
| Economic Mix: | $7,000 to $12,000 |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | 78% Black |
| Structural Mix: | Single-family tract housing |
| Degree of Success in Mixing: | Structure types well mixed but area is turning black |

| | |
|---|---|
| Name of Area or Development: | Mount Airy Neighborhood |
| Location: | Philadelphia, Pennsylvania |
| Size of Area: | 37,619 population in 1966 |
| Type of Development: | No answer |
| No. of Total Units in Development: | 15,000 |
| Economic Mix: | (1966) $3,000 - 27.5%; $3,000 to $10,000 - 46.8%; over $10,000 - 25.6% |
| Socio-Cultural Mix: | Extremely heterogeneous. Many middle-class blacks. Poor blacks, poor whites. Liberal white couples and white elderly. |
| Racial Mix: | 60% Black, 40% White |
| Structural Mix: | Single-family before 1930. Philadelphia row houses. Mid and highrise apartments. |
| Degree of Success in Mixing: | Community associations active. Families moving into large homes send kids to private schools. |

| | |
|---|---|
| Name of Area or Development: | Mount Airy Neighborhood |
| Location: | Philadelphia, Pennsylvania |
| Size of Area: | No answer |
| Type of Development: | No answer |
| No. of Total Units in Development: | 5,000 to 10,000 |
| Economic Mix: | 5% welfare, 40% over $20,000, rest in-between |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | 30% to 40% Black |
| Structural Mix: | Apartments, row houses |
| Degree of Success in Mixing: | States example of nationally known example of successful integration |

| | |
|---|---|
| Name of Area or Development: | Germantown |
| Location: | Philadelphia, Pennsylvania |
| Size of Area: | 56,877 population in 1966 |
| Type of Development: | No answer |
| No. of Total Units in Development: | 24,000 |
| Economic Mix: | No answer |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | No answer |

Germantown (cont'd)

| | |
|---|---|
| Structural Mix: | No answer |
| Degree of Success in Mixing: | No answer |

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| | |
|---|---|
| Name of Area or Development: | South End Neighborhood |
| Location | Boston, Massachusetts |
| Size of Area: | 600 acres + |
| Type of Development: | Redevelopment area |
| No. of Total Units in Development: | No answer |
| Economic Mix: | 0 - $50,000+ |
| Socio-Cultural Mix: | Wide spectrum |
| Racial Mix: | Black, White, Chinese, Puerto-Rican |
| Structural Mix: | Primarily lowrise houses |
| Degree of Success in Mixing: | No answer |

---

| | |
|---|---|
| Name of Area or Development: | Columbia |
| Location: | Between Baltimore and Washington - Maryland |
| Size of Area: | 7 villages<br>Each village contains 12,000 to 15,000 |
| Type of Development: | 221D-3, 235 and 236 will eventually make up 1/3 of community |
| No. of Total Units in Development: | Approximately 10% complete |
| Economic Mix: | $6,000 to $40,000<br>Most in $12,000 to $16,000 range |
| Socio-Cultural Mix: | No welfare or aid to dependent children families. Lower moderate income households consist of younger households of similar class. |
| Racial Mix: | Approximately 15% Black. Columbia deliberately does not keep records on racial mix so their salesmen will not be able to reveal this information when asked. |
| Structural Mix: | Townhouse garden apartments |
| Degree of Success in Mixing: | There is very little class integration. The lower income 235-256 households are either young couples, secretaries or divorcees. Racial mix has been no problem. |

| | |
|---|---|
| Name of Area or Development: | Reston - Cedar Ridge |
| Location: | Reston, Virginia |
| Size of Area: | 7,400 acres |
| Type of Development: | 198 units<br>100 2-bedroom units ranging from $120 to $126 per month. 54 3-bedroom at $150 per month. 10 units set aside for public housing. A total of 440 moderate income units are in advanced planning stages. 240 under 236 program. |
| No. of Total Units in Development: | 8,000 |
| Economic Mix | No low income. Moderate to upper middle. |
| Socio-Cultural Mix: | Moderate income housing has been attracting primarily families |
| Racial Mix: | No answer |
| Structural Mix: | Houses, townhouses, apartments |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Lafayette-Elmwood Area |
| Location: | Downtown Detroit, Michigan |
| Size of Area: | Total area - 692 acres. Lafayette Park which accounts for 2 out of 5 segments is 193 acres. |
| Type of Development: | Redevelopment area 221D-3, 235 and 236. |
| No. of Total Units in Development: | 3,473 completed units for total area.<br>1,717 completed units in Lafayette Park. |
| Economic Mix: | Rent levels: $70 to $100 - senior citizens apartments, $150 - studio apartments, $300 townhouses |
| Socio-Cultural Mix: | Currently few low income households. There will be low income households moving into Elmwood II and III which are currently under construction. |
| Racial Mix: | 19% Black in lowrise apartments.<br>10% Black in highrise apartments. |
| Structural Mix: | Townhouses, low and highrise apartments. |
| Degree of Success in Mixing: | Lafayette is currently integrated by race but not by class. Middle-class parents send their children to all the public schools with one exception - an elementary school serving a lower income community. |

Name of Area or Development: River Acres

Location: Mt. Clemens, Michigan

Size of Area: 160 acres

Type of Development: Redevelopment-urban renewal area. (20) 235, (20) scattered public housing.

No. of Total Units in Development: 450

Economic Mix: No answer

Socio-Cultural Mix: Mix of professionals, trades people in own businesses, clerical, factory and welfare.

Racial Mix: 95% Black

Structural Mix: Most buildings less than 15 years old, older buildings rehabilitated. $40,000 ranch to moderate priced colonials and tri-levels.

Degree of Success in Mixing: Feels that black "showcase" community good. Provides wide variety of housing for blacks and helps show others that black homeowners care about where they live. Little interaction with larger community.

Name of Area or Development: Hyde Park-Kenwood

Location: Chicago, Illinois

Size of Area: 55,000 population - 2 square miles

Type of Development: Conventional

No. of Total Units in Development: No answer

Economic Mix: Moderate to high income. Few low income.

Socio-Cultural Mix: Occupational diversity from blue collar to professional, university personnel and retirees.

Racial Mix: 38% Black - reduced from 49% in 1960

Structural Mix: Single-family houses, townhouses, lowrise apartments, 10 to 15-story apartment building.

Degree of Success in Mixing: Census tracts are biracial but vary from 99% white in one census tract to 96% black in another. Very little social interaction between racial groups. Joint participation of all households in community facilities. Local high school has gone from 60-40 black-white ratio to 75-25% in recent years. University of Chicago spends $300,000 annually to assure private police protection to protect Hyde Park. Crime rate in area has dropped 50%.

| | |
|---|---|
| Name of Area or Development: | South Commons |
| Location: | Chicago, Illinois |
| Size of Area: | No answer |
| Type of Development: | 220, 221D-3 |
| No. of Total Units in Development: | 3,000 |
| Economic Mix: | Diverse mix |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | 50% Black |
| Structural Mix: | Wide variety |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Lake Village |
| Location: | Chicago, Illinois |
| Size of Area: | No answer |
| Type of Development: | 221D-3, 220, 236, Conventional |
| No. of Total Units in Project: | 1,400 |
| Economic Mix: | Project currently in process of being rented - no figures. |
| Socio-Cultural Mix: | No answer |
| Racial Mix: | No answer |
| Structural Mix: | Wide variety |
| Degree of Success in Mixing: | Not been in existence long enough to answer |

| | |
|---|---|
| Name of Area or Development: | Lincoln Park Community |
| Location: | Chicago, Illinois |
| Size of Area: | 1,000 acres - 83,000 persons |
| Type of Development: | Urban renewal project |
| No. of Total Units in Development: | 27,000 |
| Economic Mix: | ADC to millionnaires |
| Socio-Cultural Mix: | Retirees to corporate giants |
| Racial Mix: | 3% Black, 5% Oriental, 84% Caucasian, 10% Spanish-speaking |
| Structural Mix: | Single-family to highrise |
| Degree of Success in Mixing: | Families with school age children moving out due to increase in gang activity. Increase in childless population and single adults. |

| | |
|---|---|
| Name of Area or Development: | Stone Keygate |
| Location: | Indianapolis, Indiana |
| Size of Area: | No answer |
| Type of Development: | 221D-3 coop - 334 units rent for $93.50 per month. 336 units rent for $72.50 per month. Recently obtained permission to use 100 apartments for rent supplement. Some apartments will rent for $22.50 per month. |
| No. of Total Units in Development: | 680 2-bedroom garden apartments |
| Economic Mix: | Income ceilings $5,722.50 for one person. $9,397.50 for six persons. Surcharge for persons over income limit. With rent supplement program getting applications from ADC-welfare families. |
| Socio-Cultural Mix: | Fairly young families with children. Semi-skilled through blue collar workers. A very few semi-professionals. |
| Racial Mix: | 100% Black |
| Structural Mix: | All apartments |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | River House Apartments |
| Location: | Indianapolis, Indiana |
| Size of Area: | No answer |
| Type of Development: | 221D-3 BMIR project consisting of two 12-story highrise apartment buildings. 294 units: 49 1-bedroom $108, 204 2-bedroom $126, 44 3-bedroom $145. |
| No. of Total Units in Development: | 297 |
| Economic Mix: | $6,143 maximum for single person. $10,080 for six. No low income. |
| Socio-Cultural Mix: | Young singles, couples and families with children. Some semi-retired. |
| Racial Mix: | 88% Black, 15% White |
| Structural Mix: | All apartments |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Lynn Corporation |
| Location: | Indianapolis, Indiana |
| Size of Area: | No answer |
| Type of Development: | Numerous walk-up apartments. Older rehabilitated buildings. Majority 2 bedrooms followed by equal number of 1 and 3 bedrooms. A few efficiencies Efficiencies $79, 1-bedroom $107, 2-bedroom $118 to $125, 3-bedroom $138. |
| No. of Total Units in Development: | No answer |
| Economic Mix: | 40% of units in each building allowed for rent supplement. Residents living in building at time of acquisition eligible for sliding market rent - 25% of gross income for rent. Rent supplement and basic rent income from $3250 to $9394. |
| Socio-Cultural Mix: | Quite a few elderly. Some young families. Most basic rent occupants are young families with semi-skilled or blue collar head of household. |
| Racial Mix: | 65% Black, 35% White |
| Structural Mix: | Old apartment buildings. Low income duplexes. Single-family dwellings. Rehabilitated Lynn apartment buildings. |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Park Hill |
| Location: | Northeast Denver, Colorado |
| Size of Area: | 4 square miles covering 5 census tracts. 490 city blocks. |
| Type of Development: | No answer |
| No. of Total Units in Development: | 11,939 |
| Economic Mix: | Welfare recipients to high income. Welfare 7% of community. Median income in 1959 - $7456-$9397. 25% of family heads high status occupations. |
| Socio-Cultural Mix: | Young families to retired couples. Semi-skilled to professional. |
| Racial Mix: | Between 37% to 40% Black. 60% White. |
| Structural Mix: | Majority of dwelling units are homes. Some duplexes and walk-up apartments. |
| Degree of Success in Mixing: | Community organizations have helped stabilize neighborhood. Have worked to maintain a single-family area and to maintain quality of education. Professional families have begun to move back in. |

| | |
|---|---|
| Name of Area or Development: | San Jose |
| Location: | San Jose, California |
| Size of Area: | One million people |
| Type of Development: | Public housing, FHA, 235.<br>$21,000 mortgage limit to $60,000 to $70,000 class. |
| No. of Total Units in Development: | No answer |
| Economic Mix: | Wide range |
| Socio-Cultural Mix: | Wide range |
| Racial Mix: | Caucasian, Mexican-American, Black |
| Structural Mix: | Wide range |
| Degree of Success in Mixing: | No answer |

| | |
|---|---|
| Name of Area or Development: | Diamond Heights<br>Glenridge is moderate income |
| Location: | San Francisco, California |
| Size of Development: | 125 to 175 acres |
| Type of Development: | Redevelopment, 236, 221D-3 |
| No. of Total Units in Development: | 1,500 |
| Economic Mix: | Currently moderate to high middle. 236 project underway. 221D-3. |
| Socio-Cultural Mix: | Mostly families. Occupations: post-office, social workers, clerical to lawyers. |
| Racial Mix: | White, Black, Oriental, Spanish surname. |
| Structural Mix: | Homes, townhouses, obvious apartments limited |
| Degree of Success in Mixing: | No low income present. Successful in mixing moderate income with middle income. Moderate have been carefully screened. Sales slightly slow directly across from moderate income units. Fourplexes made to look like two individual townhouses. |

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# A Regional Housing Plan:

## The Miami Valley Regional Planning Commission Experience

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(Editor's Note: *The Dayton Plan, as this housing plan is commonly known, is the first case of a regional planning agency successfully coming to grips with the problem of balanced distribution of low and moderate income housing throughout the metropolitan region. The adoption of the plan and its implementation have and will continue to involve a high level of communication and cooperation among the local elected officials, the planning and housing agencies and others. The plan was adopted and is now into implementation inspite of strong early reservations and reactions against the idea by some suburban citizens. The Department of Housing and Urban Development, especially the office of Assistant Secretary Samuel C. Jackson, has widely endorsed The Dayton Plan as a national example.*)

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Last fall, the Miami Valley Regional Planning Commission adopted a regional Housing Dispersal Plan. The Dayton Plan, as it is now commonly known, calls for the balanced distribution of about 14,000 additional units of low and moderate income housing, including a considerable amount of public housing, over the next four years throughout the five-county Dayton, Ohio, metropolitan region.

The MVRPC was created in 1964 and has 30 member municipalities, as well as the five member counties. There are forty commissioners, 37 of whom are elected officials, with each municipality having one representative and each county having two representatives. Many of the jurisdictions in the region also have officially endorsed the housing plan concept.

The Miami Valley Region, in southwest Ohio, has a total population of just under 900,000. Three counties are predominantly rural in character, while the Dayton metropolitan area is contained within the other two largely urbanized counties. Dayton City has a population of 243,000, or a little more than one quarter of the region's people. About 11% of the area's total population is Black, and most of these people live in a concentrated area of Dayton's west side. Blacks make up more than 30% of the Dayton City population.

The housing plan described here essentially is based on computing low and moderate income housing needs by county and allocating shares of this housing to planning units throughout the region, each of which is based on groupings of municipalities and/or townships within a county. (See map.) Location of such housing is coordinated through voluntary agreements and working relationships with the MVRPC and through the A-95 review process. The plan is meant for immediate implementation, and it is already affecting the location of proposed housing in the region.

Although the details of the plan itself are of interest, the process of achieving public and political support for the adoption and implementation of the Dayton Plan is the most important emphasis in this case study. This is the most difficult part. The housing plan, dropped into an unprepared environment, would have stood no chance of survival.

## The Need

About two years ago, MVRPC began a housing program with four major first-year goals: (1) to compile all pertinent information on housing in the region; (2) to employ the information to single out the region's housing problems; (3) to provide technical assistance on housing to all those requesting it; and (4) to create a level of community awareness about housing as the problem it is to some of the area's citizens. When the first program year closed with a regionwide Housing Conference, the conference drew more than 300 participants and a sizable amount of positive publicity.

In the second program year, two aspects of the housing problem had been crystallized. First, there existed in the region a shortage of sound housing units in the low-moderate income bracket. Second, the housing that was available to low and moderate income households was located in very restricted geographic areas. These, of course, are common conclusions in nearly every American metropolitan area.

The origins of the plan concept probably cannot be traced precisely. During the early days of the housing program, the staff often sought direction through knock sessions among themselves and with consultants. During one of these, the seed was planted when consultant Richard G. Coleman of Cincinnati crystallized the discussion: "What is needed in terms of a housing plan," he said, "is a way of taking the housing need and spreading it throughout the region. There should be housing opportunity for everyone everywhere." Weeks later, the director of the Dayton Metropolitan Housing Authority was with an MVRPC staff member at a suburban community council meeting. They were trying to convince the council to accept public housing into their community, and the members were hesitant. After the meeting, he said to the MVRPC staffer, "We need a plan that will tell these communities how much low and moderate income housing they should have. Can regional planning give us something like that?"

Thus the wheels were set turning. The staff knew that much greater production of low and moderate income housing was needed and had promoted it throughout the program. Now it became clear that this alone would not suffice; MVRPC would have to take the responsibility of setting forth a Dispersal Plan for scattering the needed housing.

There were no guidelines as to how to go about it, no examples to follow. Even on the problem of quantifying housing need, which was the first step, no one single source offered the end-all, be-all answer. And on the question of how to numerically distribute the units to sub areas of the region, no one had touched that with a ten-foot pole.

## Plan Formulation Methodology

First, housing need was quantified using a straightforward need vs. supply technique. Need was defined as a social concept, separate and apart from the economic concept of demand. The results of this analysis showed that in 1970, the five-county region was suffering a deficit of—and therefore needed—about 16,000 additional housing units. Of these, more than 14,000 were estimated to be needed for the low-moderate income market. The need figures did not take into account all of the dwelling units in need of rehabilitation; it dealt only with new units required to eliminate dilapidation and overcrowding and provide a comfortable vacancy rate.

Also, the need figures were broken down by county so that each of the five member counties could see its own need as a part of the total regional need. Care was taken to do the best possible job on the need figures, as these were to be the quantities distributed throughout each county. The numbers of units arrived at indicated the seriousness of the situation on the one hand, but they were conservative enough to seem reasonable and not overwhelming on the other.

This is perhaps the first application of a lesson that pervades the entire housing plan story—enough to illustrate the point, but tempered to discourage reaction from going off the deep end.

Once the county by county need figures were computed, the larger task of distributing them had to be faced.

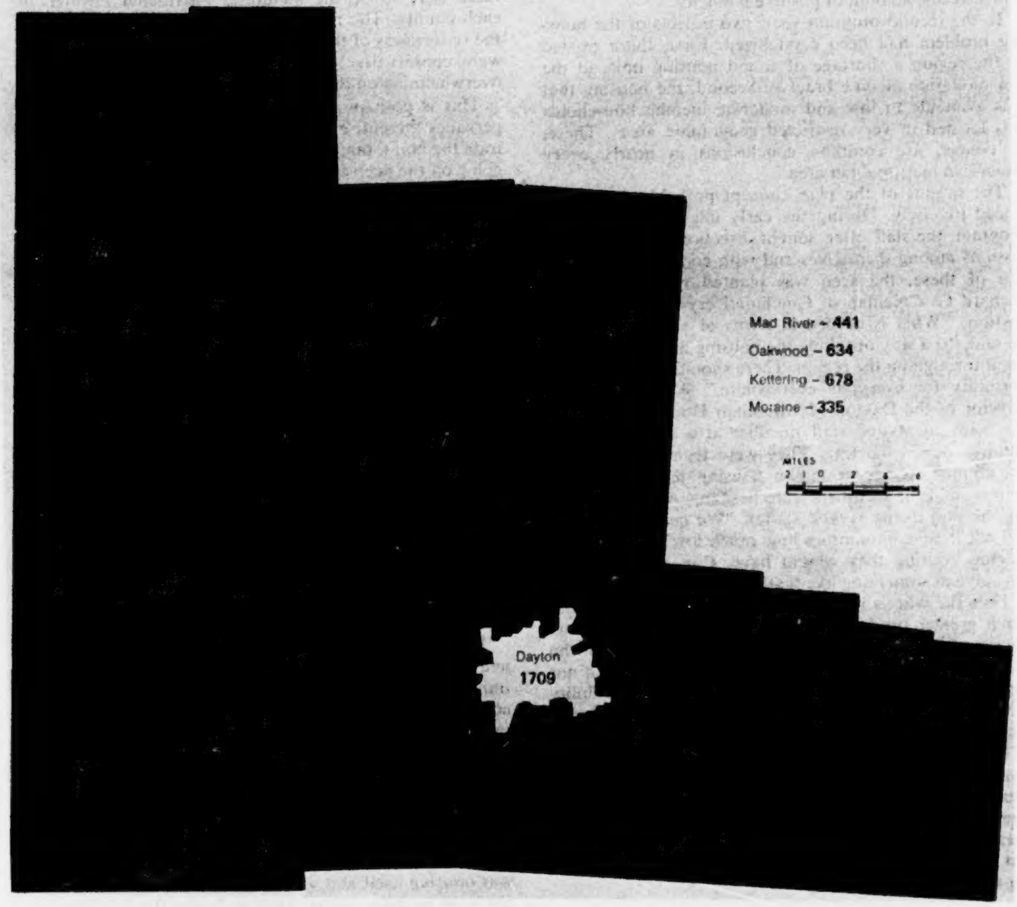
The entire region was broken down geographically into 53 "planning units". These consisted of groupings of census tracts within the City of Dayton (which was treated as a whole anyway), municipalities in three cases, townships and their included municipalities in the remainder of the metropolitan area, and groupings of townships in the rural, sparsely populated sections. Then the needed low and moderate income dwelling units were assigned to the planning units using a composite of numbers resulting from six calculation methods: (1) equal share; (2) proportionate share of the county's households; (3) proportionate share of the county's households making less than $10,000 annually (or less than $7,000 in the three more rural counties); (4) the inverse of #3; (5) a share based on the assessed valuation per pupil of the school districts covering the planning units; and (6) a share based on the relative overcrowding of the school districts involved.

The final result was an allocation of each county's low and moderate income housing need to every planning unit of the county. Obviously, any number of methods could be devised to accomplish the distribution, employing any combination of factors. In making its analysis of pertinent factors and ways of combining them, the staff considered three groups of elements. One was *population*, and included such things as number of people, number of households, household income distribution, number of persons over age 65 and number of welfare cases in each planning unit. Another category was *housing* itself and within this were number of dwelling units by type, age of dwelling units, the condition of housing in each planning unit, percentage of home ownership, average house value, and number of building permits issued during the last several years. The third category was *facilities*, and this included the availability of sewer and water, transportation, shopping facilities, recreational areas, schools, and proximity to employment and job centers.

All of these things were compiled into a huge matrix

## MVRPC Housing Dispersal Plan by Planning Units

Total units, about 14,000


Mad River – 441
Oakwood – 634
Kettering – 678
Moraine – 335
MILES
2 1 0 2 4 6
Dayton
1709

with the planning units forming the vertical axis, and the thirty factors forming the horizontal axis. Thus all of the planning unit profiles could be viewed in relationship to one another and their characteristics compared easily.

It is probable that any or all of the factors could have been quantified somehow and further, placed in a voluminous distribution formula. One fact that discouraged this, however, is that a number of factors all signify a similar basic condition. For example, a high percentage of low and moderate income households, poor housing condition, and a concentration of welfare cases are all indicative of an area where many lower income people now live. There would be a certain redundency about building all of these things into a formula. By the same token, few households of low and moderate income, a high average house value, and a high degree of home ownership combine to profile an area in which affluent families are located. A number of factors like these can be left out simply because they do not add significantly to the information being considered. It is to be emphasized that a vast amount of data about each planning unit was available and was examined before, during and after the allocation process.

The six factors used in the calculations, however, seemed to reflect some very basic determinations: the possibility of each sub-area being treated equally, the existing distribution of each county's households and lower income households, and two indicators of the receiving school districts' ability to accept new students. The latter two were used because the school question emerged as a critical concern whenever low and moderate income housing was mentioned for placement in a given area.

For the purposes of the initial housing plan, the six-factor allocation method has proven relatively satisfactory, although not perfect. For example, the small, land-locked (and land-scarce) community of Oakwood came out with more than 600 dwelling units in the allocation process. A formula sensitive to this problem (a unique one among the planning units) might have resulted in a more realistic figure for this community. Notwithstanding problems like these, however, the important things are: first, that the distribution be made in hard figures; and second, that the formula reflected enough factors to make it sensitive to a few critical characteristics of the planning units. As time goes by and 1970 census data is available, the housing needs figures and the distribution will be re-calculated. Ways can then be sought of refining the allocation method.

## Budget and Staff

In 1970, the MVRPC budget was approximately $250,000. Of this, $50,000 in 701 Planning funds was earmarked for housing. Another $45,000 was in the form of a special HUD grant for a "Housing Impact" study. The housing plan formulation, however, was carried out entirely within the $50,000 housing program; no special project funds were used for this purpose. Of the 22 staff people, a total of four were involved in the development of the plan itself. Consultants provided some aid in conceptualizing and presenting the work. The bulk of the actual calculations and text writing in both the Housing Needs Report and the housing plan were carried out by two staff people, working sixty to seventy hours a week for a three month period. Much of the background work and input had been developed over the life of the MVRPC housing program, or at that time, about one to one and one-half years.

## Presentation of the Plan

Even as all of the staff work was being done and the concepts solidified, indicators of what was coming in the housing plan were being given to the citizens and officials of the region. Early in 1970 the MVRPC director informed the commissioners at a regular meeting that housing would be a major thrust of the year's work program and that they could expect it to be controversial. The commissioners were reminded of this several times and were finally told that the July meeting would consist largely of a major presentation in housing. At the end of January, 1970, the director delivered a major address to the Montgomery County Mayors and Managers Association in which he said, "local governments must resolve first, to accept their share of lower income housing within their boundaries, and second, they must not only strike down all of the real and hidden barricades, (both legal and illegal) which hinder the building of such housing, but actively promote its construction." He was also quoted in several press releases in the first six months of 1970 as saying that the forthcoming MVRPC housing plan would assign a quota of low and moderate income housing units to all areas of the region, and that the A-95 review power would be used to enforce the plan.

Neither public officials nor citizens could say that they had not had fair prior warning of the plan's content. A newspaper article in May said the plan would be unveiled within 60 days. The date of July 22 was set for the formal presentation.

There was no question that the formal presentation had to be out of the ordinary. The usual approach of presenting a report by having a staff person stand up and talk about it was strictly out in this case. It had to be dynamic, to the point, and hit very, very hard. The intention was to make the plan and its recommendations alive and real to the commissioners and the community.

The first step in this process was to commission a graphic designer to work with MVRPC in putting together a slide presentation that would depict the "housing problem" in the region. This employed dramatic photos of bad and good housing, the people who live in it, and some statistics to tell the tale. It lasted 28 minutes and its taped narrative concluded with a charge to its audience to "act as responsible citizens to promote the actions that will ultimately fulfull the promise of a decent home for every Miami Valley household". That theme—

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"The Promise: A Decent Home for Every Family"—has become the motto for the entire MVRPC Housing Program.

The slide talk was used to introduce the subject of housing as an area of concern. After setting the stage with that, the Housing Needs Report and the housing plan itself were both presented, using slides on which the essence of each was captured in bold text form. When this was concluded and questions answered, the recommended policies were reviewed and discussed.

Altogether, the presentation lasted about 1¼ hours, and different staff people presented each part. Use of the slides served to focus attention on what was being said. It was fast moving, yet clear and direct. Four consultants were present to help the staff in fielding questions.

Altogether, that first presentation was made to almost 140 people.

It had been made in a dress rehearsal earlier the same afternoon to the MVRPC Housing Advisory Group, representing many local public interest groups and agencies which have an interest in housing affairs, but this meeting had been closed to the public and press.

Commission Chairman Thomas A. Cloud announced that additional public hearings would be held at the August and September commission meetings especially to get citizen reactions. He also issued two directives, one of which was to an interim housing committee he had just named, the other to the MVRPC staff. The committee was to review the plan and return to the commission in September with a recommendation as to what action should be taken. The staff was to take the presentation to any group or organization in the region requesting it and thus expose as many people as possible to the housing plan and obtain their feelings about it.

## Reaction and Action

At first there was a kind of frightening silence in response to the housing plan, in spite of extensive press coverage and positive editorials in the two Dayton papers. The August meeting drew only a few people and no significant discussion. Chairman Cloud complained loudly about the lack of interest and the papers editorialized on citizen apathy.

In the next month the story changed completely. The staff made some thirty presentations before all kinds of groups, both official and lay citizen. Some audiences embraced the plan, like the League of Women Voters, the local CAP agency and the City of Dayton itself.

Others abhorred it, and one or two meetings verged on violence. The staff was harrassed by name calling and rudeness. At these meetings the audience came with a preconceived idea of what was going to be seen and what their attitude toward it was. Nothing that could be said dissuaded them, and in the course of the meetings some of the rawest forms of bigotry and insecurity exposed themselves. Sometimes it was purely racial, sometimes racial and economic; but always the extent and irrationality of it were appalling. The housing plan conjured up visions of hordes of Black and poor people, pouring across the boundaries of whatever the jurisdiction happened to be. As one man shouted, "We didn't ask for this housing, we don't like it, and just plain don't want it!"

After about a month of concentrated presentations and discussion and a great volume of press coverage of it all, the September meeting was imminent. With surprisingly little fanfare, the commission in a roll call vote voted unanimously to adopt the goals and policies of the plan, as amended by the Interim Housing Committee. One of the chief changes was the elimination of a policy which called for giving preemptive zoning powers to the local housing authority. The staff felt, however, that this was well worth the sacrifice in exchange for the overwhelming approval which the policy package received. The concept of scatteration of low and moderate income housing, the suggested distribution of units, a set of broad housing goals, and a host of accompanying policies had been adopted without a single dissenting vote and was thus a part of the MVRPC ongoing housing program as well as official regional policy.

One Dayton paper, in its laudatory editorial, called it "a decision of landmark proportion".

It is impossible to identify one single factor that insured a unanimous, positive vote on the part of the Regional Planning Commissioners. Several key things undoubtedly contributed to it. For one thing, it was not presented out of a clear blue sky, as has been indicated. For months, the staff had been referring to its being in the works and on its way to them.

Also, when the presentation came, action on it that night was not even considered. The message was, "here it is, it is a tremendous amount of material to digest, and it is a very serious matter. Consider it over the next two months. By then, we must have your best possible decision." So it was not ramrodded through the commission.

The initial impression that it made on the members was largely the result of the presentation package itself. It was polished, professional looking, and reflected the months of conscientious work that had gone into it. In no way did it appear sloppy or poorly thought out, or as something that had been thrown together quickly. A faltering or uncertain first exposure probably would have doomed the project. At the end of the presentation, the staff was praised by Chairman Cloud for the job it had done. So the commissioners were primed in a very positive way at the start.

For some of the voting members, however, the next two months must have been difficult. They received calls from constituents telling of their opposition. Sometimes the elected body of which the representative was a part gave him a very hard time, in one case expressly telling him to vote no. (He voted yes anyway and caught hell when he returned to his council.)

The motivations behind the votes of the commissioners, and behind the actions taken by local elected bodies, covered a wide range. For some, it was a matter of pure conscience. They felt that the concept of the plan was right, that supporting it was the only moral thing to do. At the other end of the scale, some took affirmative action purely to save face, because negative action was going to publicly confirm their bigotries and "tarnish" their images. The strength of this motivation was sometimes startling.

For still others, the motivation was highly pragmatic. Moderate income housing construction was already beginning to occur in a few suburban areas, and the decision makers there viewed the Dispersal Plan as a safeguard against their areas being deluged with such housing. Their concern was whether the quota system could be enforced to the degree that upper limits could be set in order to avoid saturation. Officials of several areas said that they were perfectly willing to accept their share of the housing, but they would not take it all and they wanted to make sure that other areas would take a share also. Thus, a good bit of interjurisdictional pressure developed over acceptance of the plan, and by and large probably contributed to the adoption of it.

## Community Resources

Passage of the Housing Dispersal Plan, however, was not wholly a function of the moment. No planning effort can have significance if it is an isolated or irrelevant thing, and a whole network of activities had preceded and moved along parallel to this one.

It was emphasized in the formal presentation that the plan was a part of the overall MVRPC housing program. Several related efforts were going on within that program that ultimately aided in the plan approval and that will continue to be essential as the implementation process proceeds. These can be put into categories of effort, described below.

**Public Agencies.** In the very beginning stages of the Housing Program, a Housing Advisory Group was called together by MVRPC. It consists mainly of representatives of the various agencies in the area that have some concern with housing. This includes the Dayton Plan Board and Dayton Community Development Department, the Urban League, Model Cities and the CAP agencies, among others. Also represented on the group are the local homebuilders and the real estate interests, which provide a loose tie with the business community. The League of Women Voters is strongly represented here, too. One of the chief values of the Group has been to keep other agencies informed about MVRPC housing activities and find out in turn what they are involved in and what problems they may have. The result of this exchange, in part, was the rapid endorsement of the plan by many of the participating agencies. Their combined support was of no small value as the time for the decision approached.

**Citizen Groups.** In spite of the outbursts of objection at many public meetings, there was always someone speaking for the plan. This usually came from some group that had gone on record for it and was solidly behind the MVRPC staff in what it was attempting to do. But such support did not suddenly appear when it was needed. The staff had cultivated its relationships with numerous such contacts, and in the final analysis most of these threw their weight to the MVRPC side in a vocal manner. One of the most helpful groups has been the local League of Women Voters, whose housing chairman sits on the Housing Advisory Group. The League sent members to city council meetings throughout the area to read letters of support and urge the elected officials to endorse the plan. Their help was invaluable in spreading the word and mustering support. So, too, was the help of a myriad of church groups and civic-minded individuals who spoke out courageously in favor of the housing plan. In almost every geographic area of the region, this element of support has been, is, and will continue to be, present and indispensable.

**Business Community.** This element of support can not be come by in the same way as the preceding two. It has required long efforts, mainly on the part of the Director, to bring together the local business leadership, inform them, and enlist their aid. Assistance in doing this has come from two quarters, one being the Dayton Area Chamber of Commerce, which has extraordinarily sensitive leadership. The other source of assistance has been from a retired board chairman of one of Dayton's major industrial concerns who has a direct line of communication to the top-most business leaders. A group of people meet regularly along with governmental agency heads and the local housing producers to formulate strategy, secure funds, and bring their weight to bear on the housing program efforts in an unobtrusive, but effective way. At no time did this group publicly support the housing plan, or refer to it in any way, but the behind-the-scenes work of the members has been essential to the success of the plan so far.

**Local Developers.** The Homebuilders Association of Metropolitan Dayton was a co-sponsor of the January, 1970, Housing Conference, and this organization is represented on the MVRPC Housing Advisory Group. Both last year's president and the current president are deeply involved in the low-moderate income housing field and have been instrumental in putting together a coalition of interested builders to do even more in this area. Although there has been some reservation on the part of this group in terms of total plan acceptance, there is a distinct atmosphere of interest and cooperation, and the building community will provide that end of the development activity as it is needed.

**Non-Profit Corporations.** MVRPC has regarded the non-profits as a vital ingredient in the low-moderate income housing development process. From only eight or nine non-profits in the region two years ago, the number has now increased to more than thirty. To facilitate the formation of these, MVRPC made available technical assistance to any group requesting it. These groups now have about 700 units under construction and hundreds more in the proposal stage. Needless to say, the most active of these have teamed up with interested builders, architects, bankers, and packagers to put projects together, and these development coalitions are proving most successful. These non-profits supported the plan and in turn the plan has helped them by validating their efforts. Several have indicated that they will build only in conformance with the plan.

**Seed Money.** Two years ago seed money for the non-profits was scarce. To correct this, MVRPC staff helped in the enlistment of several resources. The group of businessmen discussed before, made arrangements for $50,000 of the PGA profits from summer, 1969, to be put into a seed money pot for sponsors. The corporation that handles this money is called Housing Now, Inc., and its executive directors is officed with the RPC staff. Another source of seed money came from the local Junior League, which formed a non-profit corporation to handle its $25,000 housing fund. In addition, another retired business executive is personally seeding projects simply because of his interest and eagerness to help. Through the establishment of all these, seed money for project development is no longer a problem.

**Public Housing Authorities.** Since these are essential to the building of low income housing, MVRPC has worked closely with the Dayton Metropolitan Housing Authority covering Montgomery County and has assisted in the expansion of the Yellow Springs Housing Authority to cover all of Greene County. Thus the entire metropolitan area is now served by the PHA's. The DMHA has publicly endorsed the plan and is now beginning to negotiate the agreements necessary to put public housing in the suburban communities. An agreement already has been signed with the Montgomery County Commissioners to place 1,100 units in the unincorporated areas of the county. The new Greene County Housing Authority is in the process of securing agreements from the communities there so that development plans can proceed. The creation of PHA's will probably be urged in the other three counties in due course, if the need for it continues to be apparent and not satisfied by Farmers Home Administration and FHA programs.

**Elected Officials.** Once again, this necessary cooperation and support has come about largely through staff efforts to obtain it. The staff's relationship with public elected officials over the past six years has helped substantially to gain support for the housing plan and program. Most of the region's elected officials have come to know and respect the MVRPC staff and have confidence in their ability. Thus they felt free to communicate with staff people about the plan, their doubts and fears concerning it, what it would mean to them if it were passed. The key here is largely availability, i.e., the fact of MVRPC staff being available to officials for formal and informal meetings. A mutual trust is a necessity here also, and where it develops, cooperation will also. A great number of elected officials openly stated that they favored the housing plan, and many displayed extraordinary courage and confidence in MVRPC and its staff in voting affirmatively for it. Needless to say, the success of implementation efforts rests in large part with these elected officials in whose hands the policies for their respective communities rests.

**Positive Publicity.** It is difficult to state too strongly the role that the two Dayton newspapers, the *Journal Herald* and the *Daily News*, have played in the success of MVRPC efforts to promote the housing plan and the entire housing program. They have both loudly backed the housing efforts in their editorial pages, and they have done an excellent job of reporting day to day events. A review of the clipping file since the release of the plan will give the reader a blow-by-blow description of most of what has happened in the chain of events. When a community vehemently rejected the plan, the papers chastised it; when one embraced it, they praised its courage; when a proposed project is attacked, they expose the real hatreds lying behind the surface objections. It is likely that without this strong, continuing bulwark of support, the housing plan and the movement of the MVRPC housing program could never have achieved its present high pitch.

**Technicians.** There are a number of very skilled technical people at work in the five county region. These are the packagers who put projects together, who work with all of the members of the development coalitions to put housing units on the ground. It would be easy to take these people for granted, but it cannot be done, for they perform an indispensable job. All in this area are knowledgable, resourceful, skillful in guiding projects through federal red tape, and willing to work closely with MVRPC staff as they develop housing with non-profit and limited dividend corporations. Some of the best packagers locally are real estate men, and this is the most significant way in which that profession is currently active in the local low-moderate income housing field.

## Implementation

The Housing Dispersal Plan differs from many other planning reports in that it is intended for immediate implementation. The housing problems of thousands of Miami Valley residents need to be dealt with now, not at some vague future time.

Carrying out the plan, like developing it and gaining approval for it, is not a single-thrust effort, but involves a network of simultaneous activities.

Since the plan was approved in September, the pace of community meetings and presentations has continued at a high level. A total of more than sixty public meetings has been held, and they are continuing at the rate of one or two a week. Audiences usually average about 35 people, with some running considerably larger. It is estimated that about 2,000 people have seen the housing presentation, and about 3,000-4,000 copies of the plan have been distributed. Continuation of this dissemination of information about it is vital, for in every group some allies are gained. For every person who understands and become a proponent, the entire effort is made stronger. Also, the staff and the commission's activities become real to the public and accessible to them.

It is anticipated that staff exposure will be increased still further through the latest addition to the housing staff, a city-county housing expeditor, who has come on board during the last month. This position has been jointly funded by the City of Dayton and Montgomery County. The expeditor's major effort will be to identify hang-ups in the housing production process, and find ways of eliminating them. This will include work with codes and ordinances, and in this way will tie in with an MVRPC work program element on the possible restrictivenes of these regulations locally.

In the area of production, also, the commission is exploring the possibilities for employing the concepts of Operation Breakthrough. This is being done largely through the State of Ohio Department of Urban Affairs. It is hoped that by combining the MVRPC five-county area with the other surrounding metropolitan areas, the Breakthrough idea can be made to work here. In addition to state involvement, discussions have also been held with state officials about the possibility for introducing significant state housing legislation.

The City of Dayton in November adopted its own housing plan which fits within the framework of the regional one. Drafted by the Dayton City Plan Board, it seeks to apply a similar concept to the city and to delineate "opportunity areas" into which low and moderate income housing will be encouraged to go. This action has further strengthened the regional housing plan, and the two agency staffs are working closely in the implementation efforts.

Another example of inter-agency support and cooperation is the recent action of the Health and Welfare Planning Council to not only endorse the plan, but to put into their work program a study of what social services will be needed in the new housing developments and find ways to deliver those services. MVRPC will work with them on this and the two agencies may well develop a special project proposal to carry the work further than would otherwise be possible.

Similarly, staff work continues with local housing producers including non-profit sponsors, builders, packagers, and the two public housing authorities in the region. The housing authorities and all of the active non-profits are working closely with MVRPC to insure that their efforts are consonant with the Housing Plan. For example, one major non-profit which has committed itself to sponsoring a minimum of 1000 units of assisted housing, came to MVRPC soon after the plan was adopted and asked where, geographically, it should direct its efforts in order to conform to the plan. Since several projects were already being developed in Dayton's northern suburbs, staff recommended that they work toward developing units in the affluent southern suburbs. The non-profit group has now optioned one piece of land in that area and is seeking other sites. Another very active non-profit has followed staff direction and is also seeking sites in the same part of the metropolitan area.

At the same time, the Dayton Metropolitan Housing Authority is seeking to obtain cooperation agreements with a number of suburban communities, including three southern ones, so that the public housing leasing program can be used there. Altogether, there are at least five separate efforts underway to provide either low or moderate income housing in the south Dayton suburbs. These have all come about since the adoption of the Plan and largely a result of it. The plan itself tends to validate these efforts, where previously there was little to base them upon.

A certain amount of project review is carried on by the staff now, and more will be done as the new A-95 review requirements for FHA and Public Housing projects go into effect on April 1, 1971. A major proposal for a 560-unit, 236 coop project came into the office with a request for review and criticism. The elected officials of the community in question indicated that they would place great emphasis on the MVRPC recommendation as to its merits or lack thereof. After considerable examination, a staff memo went to the councilmen, stating that the project should be given favorable consideration. Before a crowd of 300 objecting citizens, council voted to approve the project. The MVRPC was not the deciding factor, but it certainly was one factor in the approval process. An increasing amount of this kind of activity is expected as time goes by.

It is essential that a means be found by which all low and moderate income housing developments being proposed for the five county region will come to MVRPC for review. Only in this way can a satisfactory monitoring process be set up so that the intent of the plan can indeed be realized, and not abused. As noted previously, the new A-95 review requirement for housing proposals will be most helpful, although the numerical restrictions do pose something of a problem in that they exempt truly scattered projects from review. (Under the new regulations, the A-95 review process is limited to proposals for more than 100 units of multiple-family housing or more than 50 units of single family structures in a single development.) It is hoped that a complete review function can be put into effect soon by mutual agreement. MVRPC is negotiating with HUD on this.

There are a number of ways in which HUD cooperation and involvement is seen as critical to the success of the implementation efforts. For one thing it was deemed important that HUD endorsement of the concept as being consistent with federal policy be forthcoming in a public manner. This occurred in a very real sense when in January, 1971, Assistant Secretary Samuel C. Jackson in a speech before the National Association of Homebuilders, praised the MVRPC plan and housing program and said "This action (adoption of the plan goals and policies) illustrates well the kind of local governmental responsibility to which this Administration is committed. And I take this opportunity to publicly commend and endorse their efforts. We, in HUD, will do all we can to help them achieve their housing goals."

Critical to the implementation process in the five-county area is a sufficient reservoir of housing units upon which local developers can draw as they proceed with proposals. Thus discussions are being held with HUD officials to determine what numbers of dwelling units—in the full range of public housing, FHA assisted and Farmers Home Administration programs—can be made available for use in the Miami Valley Region.

Along with this must also go a way of rewarding suburban communities for accepting the low and moderate income housing units. Here the federal government can assist by giving priority to cooperating communities when they apply for sewer and water funds, park monies, etc.

This discussion illustrates some of the ways in which implementation of the Housing Plan is getting under way. Considering that the plan was approved only five months ago, the progress and the efforts in the mill are most encouraging. It will be extremely important in the months ahead to maintain a high level of local interest and commitment, a great deal of federal involvement, and a continuing aggressive total housing program through MVRPC.

## Housing Impact Study

Realizing the import of what it was proposing in the housing plan, MVRPC applied for and received from HUD special project monies in June, 1970, to conduct a study of just what the impacts may be of placing low and moderate income housing in middle income neighborhoods. This is nearly completed now, having been carried out by the consulting firm of Gruen Gruen & Associates of San Francisco. It has determined just what fears, misgivings, and expectations exist on the part of suburbanites in whose neighborhoods the housing may go, and on the part of the types of families who might be moving into the housing. It is hoped that the results of this special project will give MVRPC the extra insight it needs to facilitate the implementation of the plan in ways that will improve the quality of life for everyone in the Miami Valley Region.

## HOUSING AND HUMAN RESOURCES

Work Program March, 1972 to March, 1973

### Housing Plan and Program

.01 Program Coordination
- a. Update housing element work program.
- b. Provide continuing liaison with related Community resources and organizations.
- c. Guide and monitor agency and Community implementation activities.
- d. Identify problems and program gaps and design corrective approaches.
- e. Conduct on-going educational and informational programs.
- f. Evaluate program on a continuing basis.
- g. Expand and maintain Regional Housing Data Bank.

.02 Housing Plan Maintenance
- a. New Housing
  1. Update housing needs.
  2. Update distribution of needed housing units.
  3. Monitor new developments.
  4. Obtain local inputs.
  5. Assess progress toward implementation.

- b. Existing Stock
  1. Update rehabilitation needs and priority areas.
  2. Monitor rehab and neighborhood improvement activities.
  3. Obtain local inputs.
  4. Assess progress.

- c. Rural Housing
  1. Update needs.
  2. Monitor activity.
  3. Obtain local inputs.
  4. Assess progress.

.03 Housing Production (with emphasis on low and moderate income)

- a. New Housing
  - 1. Participate in market aggregation activities.
  - 2. Assist local developers as required.
  - 3. Monitor, evaluate and promote new techniques.
  - 4. Review proposals. (A-95)
  - 5. Evaluate potential sites.
  - 6. Encourage full use of FHA, PHA, FmHA and other available programs.
  - 7. Monitor resources for low and moderate income housing production.
  - 8. Work with local organizations and officials.
  - 9. Work with City - County Housing Expediter.
  - 10. Provide technical assistance as required.

- b. Existing Stock
  - 1. Promote and coordinate rehabilitation efforts.
  - 2. Assist local developers as required.
  - 3. Guide selection of rehab development areas.
  - 4. Encourage full use of available programs.
  - 5. Work with neighborhood and community organizations and officials.
  - 6. Provide staff liaison to PROJECT REHAB as required.
  - 7. Work with City - County Housing Expediter in developing projects.
  - 8. Encourage demolition of dilapidated housing units.

- c. Rural Housing
  - 1. Promote and coordinate rural housing improvement efforts.
  - 2. Encourage full use of available programs
  - 3. Work with local area officials and citizens.
  - 4. Participate in an inter-agency program aimed specifically at rural and small-town housing improvements.

.04 Facilitating Housing Plan Implementation

- a. Implement plan policies as adopted by MVRPC.
- b. Participate in Market Analyses as required.

c. Assess need for Supporting Services for Low - Moderate Income Housing Development.
   1. Identify types of services required.
   2. Explore possible service sources.
   3. Design and implement programs.
   4. Evaluate effectiveness.

d. Evaluate Local Codes and Ordinances as appropriate.
   1. Recommend changes as required.
   2. Work with local officials.
   3. Obtain builder inputs.

e. Promote Metropolitan Housing Authorities
   1. Establish where required.
   2. Encourage dispersal of public housing.
   3. Assist efforts of local authorities in gaining acceptance and developing housing units.

f. Reduce Barriers to Housing Choice
   1. Assess current situation and efforts.
   2. Participate in Regional approaches to expanded housing choice.
   3. Require anti-discrimination activities and programs of applicants for Federal Aid.

g. Execute MVRPC Facilitator Study
   1. Provide staff liaison and input.
   2. Assist in identification of community resources.
   3. Incorporate findings into overall housing program.
   4. Implement appropriate recommendations of Housing Impact Study.

h. Improve Housing Management
   1. Monitor management of existing FHA developments.
   2. Work with sponsors, developers, and management organizations.
   3. Analyze components of effective management systems.
   4. Assist in implementing necessary changes in mangement approaches and techniques.

i. Promote New and Amended Housing and Related Legislation.

# Appendix 2

## ITEMS PERTINENT TO THE HEARING OF NOVEMBER 23, 1971

## MATERIAL SUBMITTED BY THE WITNESS

### FROM MARTIN E. SLOANE

U.S. Commission on Civil Rights,
*Washington, D.C., July 22, 1971.*

Hon. George Romney,
*Secretary of Housing and Urban Development,*
*Washington, D.C.*

Dear Mr. Secretary: I am writing to transmit the comments of the United States Commission on Civil Rights concerning the Department of Housing and Urban Development's proposed Affirmative Marketing Guidelines, R–71–118.

You will recall that in his June 11, 1971, Statement on Federal Policies Relative to Equal Housing Opportunity, the President set forth three basic requirements for the Federal Government's program to achieve equal housing opportunity:

"It must be aimed at correcting the effects of past discrimination; it must contain safeguards to ensure against future discrimination; and it must be results-oriented so its progress toward the overall goal of increasing housing opportunities can be evaluated."

In your testimony at the Commission's June 1971 hearing in Washington, D.C., you emphasized the pervasive nature of the racially dual housing market that exists in nearly every metropolitan area in the country and stressed the need to eliminate it. It is in the context of the President's delineation of the basic equal housing opportunity requirements and your own strong support for the President's position in this regard that our comments on the proposed Affirmative Marketing Guidelines are offered.

We believe that affirmative marketing is necessary to assure equal housing opportunity in fact as well as in legal theory. Binding Federal guidelines for this purpose are essential if the Federal fair housing program is to comply with the President's express requirement of "correcting the effects of past discrimination," as well as ensure against future discrimination. We also believe that the FHA mortgage insurance programs constitute appropriate and effective leverage for facilitating achievement of the goal of equal housing opportunity.

While we endorse the principle of affirmative marketing guidelines, we believe the guidelines proposed by your Department have numerous weaknesses which will severely impair their effectiveness as mechanisms for contributing to fulfilling the basic equal housing opportunity requirements established by the President. Enumerated below are a number of the weaknesses we have found and suggestions for ways in which the proposed guidelines can be strengthened:

1. *Section 200.610 Policy.*—This section states in part:

"It is the policy of the Department to administer its FHA housing programs affirmatively, so as to achieve a condition in which ***individuals of similar income levels*** in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, or national origin." (***emphasis*** added)

We have reservations concerning the desirability of including the phrase "individuals of similar income levels." The language does not appear in any of the laws or Executive Orders relied upon as authority for this regulation and is, at best, superfluous. In addition, the quoted language suggests a sharp distinction between racial and economic discrimination which is gratuitous and unnecessary for purposes of the proposed guidelines.

2. *Section 200.615 Requirements.*—We believe the affirmative marketing requirements of the proposed guidelines are deficient in the following ways:

> a. They would apply only to subdivisions and projects of 25 or more units. As you know, the typical subdivision contains fewer than 25 houses. For example, a January 1971 annual FHA survey of unsold new subdivision houses found that the median subdivision contained 17 houses and that in only 66 of the 263 localities surveyed did the average subdivision consist of more than 25 houses. Thus this restriction would render the Affirmative Marketing Guidelines inapplicable to most of the Nation's new subdivision housing. We strongly urge that this restriction be eliminated.
>
> b. They would apply only to subdivisions or projects "hereafter developed" under FHA programs. Thus existing FHA-assisted housing, including the many thousands of multifamily units provided through FHA mortgage insurance and still subject to FHA regulation, would be entirely excluded from coverage. We believe this exclusion is undesirable and unnecessary and suggest that the proposed guidelines be amended to make it clear that existing multifamily projects and existing subdivision houses, at least insofar as brokers are used in their sale or rental, are also covered by the Affirmative Marketing Guidelines.
>
> c. They would cover sponsors only with respect to subdivisions or projects developed under FHA programs. Sponsors who also produce housing under non-FHA programs would be exempt from the guidelines with respect to all but FHA-assisted housing. We believe this exemption unnecessarily restricts the potential impact of the proposed guidelines. As you know, pursuant to Executive Order 11246 concerning equal employment opportunity by Federal contractors, the requirements of the Executive Order apply to the entire business of Federal contractors and subcontractors, not just that involved in fulfilling the Federal contract. By the same token, the requirements of affirmative marketing should be applied to a sponsor and his agents with respect to all housing, not just that produced with FHA assistance. The exemption arbitrarily limits the leverage afforded by virtue of FHA mortgage insurance programs and reduces the force of the proposed guidelines.
>
> d. Although this section recognizes the necessity of employing minorities on the sales or rental staff, the requirement of section (b), concerning the maintenance of "a nondiscriminatory hiring policy," is unlikely to be effective for this purpose. We believe the sponsors should be required to act affirmatively to assure that the sales or rental staff, in fact, includes minority group persons. It is the actual employment of minority sales and rental personnel rather than maintenance of mere nondiscriminatory policies that will serve to encourage minority homeseekers.

3. *Section 200.620 Affirmative Fair Housing Marketing Plan.*—This section would require sponsors to provide information indicating their affirmative fair housing marketing plans on a "form to be supplied by the Department." As you can appreciate, it is impossible to comment on this important requirement until we have an opportunity to examine the form that HUD intends to supply.

One serious weakness in this section is that it appears to be concerned entirely with plans and forms rather than results. The President emphasized as one of the basic requirements for the Federal Government's program to achieve equal housing opportunity, that "it must be results-oriented." We believe it is of critical importance that the affirmative fair housing marketing plan include goals for minority occupancy and timetables for the achievement of these goals. The goals should be based upon the percentage distribution of minority population in the market area in which the project or subdivision is located. The timetables should take into account occupancy patterns at key stages in the rental or sales process. In the contract compliance area, goals and timetables are a key element in the requirements for affirmative action plans. We believe they are similarly essential to the success of such plans in the area of equal housing opportunity. In our view goals and timetables are basic to the success of a "results-oriented" program.

We note that the proposed guidelines are silent concerning the stage at which a sponsor would provide information concerning his affirmative fair housing marketing plan. We suggest that the proposed guidelines be amended to make it clear that a satisfactory plan must be submitted at the earliest practicable stage in the development process. They also should require that plans not proving effective must be revised.

4. *Section 200.625 Notice of Housing Opportunities.*—This section would require Area and Insuring Offices to provide periodic lists of proposed FHA projects "on which commitments have been issued" to all interested individuals or groups, upon request. We suggest that this section be amended to make it clear that the lists of projects that will be provided are those on which *conditional,* as well as *firm* commitments, have been made. In addition, lists of sponsors who have fund reservations under Section 235 should be made available. We also suggest that the section be amended to make it clear that interested individuals or groups will be provided these lists on a regular periodic basis after an initial request.

5. *Section 200.630 Compliance.*—This section states that failure to comply with these regulations exposes sponsors to sanctions authorized "by law and regulations." This provides no notice whatsoever of how the guidelines will be enforced. The section should state what the sanctions are which are "authorized by statute or regulation."

The contract with the sponsor should specify that failure to follow the affirmative marketing plan will subject the sponsor to the possibility of a suit for injunctive or other appropriate relief by the Department of Justice and will result in the decision by HUD not to allow future participation by the sponsor in HUD programs. Further, the contract between HUD and the sponsor should make it clear that a third party beneficiary, such as a potential resident in the project, can sue to enforce the plan.

I hope you will find these comments helpful and that they will lead to a strengthening of the Affirmative Marketing Guidelines.

Sincerely,

HOWARD A. GLICKSTEIN,
*Staff Director.*

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[From the 36 Federal Register, June 22, 1971]

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—FEDERAL HOUSING ADMINISTRATION

### AFFIRMATIVE MARKETING GUIDELINES

### Notice of Proposed Rulemaking

In accordance with the President's Statement on Federal Policies Relative to equal Housing Opportunity, issued June 11, 1971, the Department proposes to amend Chapter II of Title 24 of the Code of Federal Regulations to add a new Subpart M entitled "Affirmative Marketing Guidelines." This proposed subpart, issued pursuant to title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d-1; title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608; and Executive Order 11063, 27 F.R. 11527, is intended to promote a condition in which individuals of similar income levels in the same housing market area have available to them a similar range of choices in housing, regardless of the individuals' race, color, religion, or national origin.

Interested persons are invited to participate in the making of the proposed rule by submitting written data, views, or statements with regard to the proposed regulations. Communications should be filed in triplicate with the above docket number and title and should be filed in triplicate with the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410. All relevant material received on or before July 22, 1971, will be considered by the Secretary before taking action on the proposal. Copies of comments submitted will be available during business hours, both before and after the specified closing date, at the above address, for examination by interested persons.

The proposed Subpart M reads as follows:

### SUBPART M—AFFIRMATIVE MARKETING GUIDELINES

§ *200.600 Purpose.*

The purpose of this subpart is to set forth the Department's equal opportunity guidelines for affirmative marketing under FHR subsidized and unsubsidized housing programs.

§ *200.605 Authority.*

The regulations in this subpart are issued pursuant to Executive Order 11063, 27 F.R. 11527; title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1; and title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608.

§ *200.610 Policy.*

It is the policy of the Department to administer its FHA housing programs affirmatively, so as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, or national origin. Each sponsor of a proposed project or subdivision shall pursue affirmative fair housing marketing policies in the solicitation of eligible buyers and tenants.

§ *200.615 Requirements.*

Each sponsor shall meet the following requirements:

(a) Carry out an affirmative program to attract applicants of all races. Such a program shall typically involve publicizing the availability of housing opportunities, including advertising in minority media if minority publications or other media are available in the area from which the market potential will be drawn. All advertising shall include either the Department-approved Equal Housing Opportunity logo or slogan and all advertising depicting persons shall depict persons of majority and minority races.

(b) Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority races for staff engaged in the sale or rental of properties.

(c) Instruct all employees and agents in the policy of nondiscrimination and fair housing.

(d) Specifically inform local housing authorities and relocation agencies of the development of projects and subdivisions and data pertinent thereto.

(e) Specifically solicit eligible buyers or tenants reported to the sponsor by the Area or Insuring Office.

(f) Prominently display in the sales or rental office of the project or subdivision, and include in any printed material used in connection with sales or rentals, information concerning its nondiscriminatory fair housing policy.

The affirmative fair housing marketing requirements, as set forth in subparagraphs (a) through (f) of this section, shall apply, as of the effective date of this policy, to all subdivisions, multifamily projects and mobile home parks of 25 or more lots, units, or spaces, hereafter developed under FHA subsidized and unsubsidized housing programs.

§ *200.620 Affirmative fair housing marketing plan.*

Each sponsor of a project or subdivision shall provide on a form to be supplied by the Department information indicating his affirmative fair housing marketing plan to comply with the requirements set forth above.

§ *200.625 Notice of housing opportunities.*

Upon request, the Director of each Area or Insuring Office shall provide monthly a list of all projects or subdivisions covered by this subpart on which commitments have been issued during the preceeding 30 days to all interested individuals and groups.

§ *200.630 Compliance.*

Sponsors failing to comply with the requirements of this subpart will make themselves liable to sanctions authorized by statute or regulation.

GEORGE W. ROMNEY,
*Secretary of Housing and Urban Development.*

[FR Doc. 71–8728 Filed 6–21–71; 8:47 a.m.]

U.S. Commission on Civil Rights,
*Washington, D.C., July 26, 1971.*

Hon. George Romney,
*Secretary of Housing and Urban Development,*
*Washington, D.C.*

Dear Mr. Secretary: I am writing to transmit the comments of the United States Commission on Civil Rights concerning the Department of Housing and Urban Development's proposed Project Selection Criteria, Docket No. R-71-119.

The proposed criteria would institute a rating system for assistance applications under the 235, 236, rent supplement, and low-rent public housing programs. A proposed project would be rated "superior," "adequate," or "poor," based upon a number of criteria set forth in the proposed regulations. A project would be disapproved if it were given a "poor" rating for any of the "required" criteria, or more than two "poor" ratings for any of the criteria. With respect to public housing projects, however, the proposed regulations would require disapproval in the event of a "poor" rating on one "required" criterion or more than three ratings of "poor" on any of the criteria.

The criteria would be:

1. Community need for lower income housing.
2. Efficient production.
3. Nondiscriminatory location.
4. Improved environmental location for lower income families.
5. Effect of proposed housing upon neighborhood environment.
6. Relationship to orderly growth and development.
7. Employment and utilization of employees and business in project area.

With respect to 236, rent supplements, and low-rent public housing, an additional criterion would be provided:

8. Provision for sound housing management. A ninth criterion would be applicable only to public housing:
9. Home ownership.

Of these criteria, all but 5, 7, and 9 would be "required."

The Commission is gratified that the Department of Housing and Urban Development has recognized the need to adopt systematic criteria for its subsidized housing programs which take into account the impact of these programs in the effort to achieve the goal of equal housing opportunity. We have serious reservations, however, concerning how effective a contribution the proposed criteria would make toward achieving this goal. In some cases, we believe the criteria would serve to impede progress in assuring equal housing opportunity.

We have set forth below our principal reservations concerning the proposed criteria, with suggestions for ways in which they can be strengthened.

1. *Inadequate Statement of Purpose.*—Section 200.700 purports to state the purpose of the Project Selection Criteria. The section, however, provides no information or guidance as to the ends sought to be achieved by the criteria, nor does the section give any indication of what HUD hopes to accomplish through these criteria. Rather the section represents little more than an exercise in tautology.

The failure to state the purpose of the proposed criteria with any degree of clarity constitutes more than a formal inadequacy. It reflects an indecision, and even confusion, of goals that pervades the proposed criteria. In view of the fact that three separate civil rights laws (Executive Order 11063, Title VI of the Civil Rights Act of 1964, and Title VIII of the Civil Rights Act of 1968) are cited in Section 200.705 as authority for the proposed criteria, it would appear that a major purpose of the criteria necessarily would be to assure that subsidized housing programs serve to facilitate achievement of the goal of equal housing opportunity. If so, this should be stated unequivocally. Then, the proposed criteria could be evaluated on the basis of their consistency with the avowed purpose and could be revised or modified accordingly. In the absence of a clear and precise statement of purpose, however, the proposed criteria tend to represent separate compartments that are unrelated to one another or to any identifiable set of goals toward which they are aimed in common.

We urge that this section be amended to provide that the purpose of the proposed criteria is to expand housing opportunities for lower-income and minority families throughout metropolitan areas and to broaden the range of housing choice for such families outside areas of minority concentration.

2. *Project-by-Project Approach.*—The proposed criteria would operate on a project-by-project, rather than a metropolitan-wide, basis. Thus proposed proj-

ects would be considered piecemeal and evaluated individually on their own merits without regard to any rational, overall plan for distribution of subsidized housing throughout the metropolitan area.

We are convinced that site selection criteria based on a project-by-project approach are doomed to failure. Unless the location of subsidized housing is determined on the basis of a metropolitan-wide analysis of the various social and economic factors involved, the result will be a perpetuation of the chaos and irrationality that characterizes the racial residential patterns we now have in metropolitan areas. Only through such an analysis, and resulting plan, can there be assurance that the location of subsidized housing will be realistically determined on the basis of need and that the sorry history of the past, in which federally subsidized housing programs have served to intensify problems of racial and economic polarization, will not be repeated.

The project-by-project approach also reflects an unduly passive posture on the part of HUD, suggesting incorrectly that Department officials have no alternative but to rely exclusively on the receipt of individual proposals drawn up in isolation from other such proposals. Under this approach, the Department may often have to settle for less desirable projects, unrelated to rational metropolitan growth or to the problem of racial polarization. Under the metropolitan-wide approach, by contrast, the Department would *affirmatively seek out* applications from builders and sponsors for housing located so as to contribute to the healthy growth of the entire metropolitan area. HUD also would provide assistance to them to assure that they are able to build on desirable sites. For example, in those communities which prevent the construction of subsidized housing through maintenance of restrictive land use controls, HUD would use the leverage at its command, including refusal to make its other programs available and referral to the Department of Justice for appropriate litigation, to help assure that these builders and sponsors can operate freely.

We urge you to revise the proposed criteria to facilitate a metropolitan-wide approach to the location of subsidized housing and permit approval of applications on the basis of a comprehensive view of the social and economic needs of the entire metropolitan area.

3. *Priorities, Not Requirements.*—The proposed criteria would not represent requirements which must be satisfied if project applications are to be approved. Rather, they represent a system of priorities in which, even if no applications are entirely satisfactory, many would nonetheless be approved. For example, a proposed project that would do nothing to reduce racial residential segregation or, in the case of "overriding need," would even increase minority concentrations, could receive an "adequate" rating and be accorded a high priority. We find this approach unacceptable.

The various civil rights laws relied upon as authority for the proposed criteria represent legal *requirements* of equal housing opportunity. Title VIII of the Civil Rights Act of 1968 specifically directs the Department to "administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of this title." We fail to see how criteria permitting approval of applications for subsidized housing under HUD programs that exacerbate the problem of racial residential segregation would satisfy this Congressional directive.

Further, the proposed system of priorities would represent a retreat from existing HUD policy regarding site selection. Current site selection criteria governing the low-rent public housing program *require* a balance of sites within and outside areas of minority concentration. The proposed criteria, instead of applying this principle as a *requirement* for all subsidized housing programs, would eliminate this criterion for public housing and substitute in its place the proposed system of priorities.

We recommend that site selection criteria aimed at opening up housing opportunities outside areas of minority concentration be established as a *requirement* for approval of applications for all subsidized programs.

4. *Inconsistent Criteria.*—Of the five "required" criteria, four are concerned with site selection. Number two, however, which is "required," is concerned with "efficient production" and is totally unrelated to the issue of sites. While we do not question the need for "efficient production" of subsidized housing, we are at a loss to understand the reason why this criterion is included among the others, all of which are concerned with site selection. In addition, several of the criteria concerning site selection appear to be inconsistent with each other and might well operate at cross purposes. These will be discussed in detail below.

5. *Undefined Terms.*—A number of terms are used in the proposed criteria which are key to understanding how the system of priorities would operate. Many of these terms are susceptible to varying interpretations and require precise definition if the criteria are to be applied uniformly. Terms such as "overriding need," "area of minority concentration," and "housing market area," represent important standards under which judgments would be made on the priority to be accorded to various project proposals. They are undefined either in the criteria or the instructions. We recommend that definitions of these terms be provided to assure uniform application of the proposed criteria.

6. *Lack of Role for Equal Opportunity Staff.*—The proposed Project Selection Criteria fail to specify any role for Equal Opportunity officials in the evaluation of project applications. As you can appreciate, many of the judgments required by the proposed criteria for knowledge and sensitivity concerning patterns of critical residence which may be lacking in program staff but are within the special expertise of Equal Opportunity officials. We recommend that the proposed criteria be amended to provide expressly that the views of Equal Opportunity staff are to be obtained and made a part of the record upon which approvals are determined. We also urge that the record be made available to the public so that interested persons and organizations will have the opportunity to review the basis for project approvals or disapprovals.

7. *Comments on Specific Criteria.*—

a. Community need for lower income housing.—This criterion is inconsistent with the purpose of facilitating housing opportunities outside areas of existing minority and poverty concentrations. If the term "housing market area" is defined to mean the community in which the housing is to be built, then a community in which no lower-income families currently reside would receive a comparatively low rating. Under this definition, the criterion would appear to favor poverty areas rather than middle-class suburban areas for purposes of locating subsidized housing. Even if the term "housing market area" is defined broadly as the entire metropolitan area, a suburban location would receive no higher a rating than an inner-city ghetto.* In short, the criterion might well have the effect of perpetuating existing concentrations of poverty by giving a priority to areas in which lower-income families currently reside. We strongly urge that the criterion be revised to serve the purpose of expanding the choice of housing location for lower-income families throughout metropolitan areas. For example, the criterion could give a priority to locations in which job opportunities are present, but housing is inadequate to meet the needs of lower-income families.

An alternative way for a project to receive a "superior" rating under this criterion is for it to serve as relocation resource, without regard to whether the project would further impact concentrations of minorities and the poor. While we fully support the proposition that families displaced by governmental action should be afforded ample opportunities for satisfactory relocation, we fail to see why the sites for such relocation housing should not be subject to requirements consistent with the purpose of eliminating residential segregation. To accord a "superior" rating to lower-income housing in ghetto areas because it will serve as a relocation resource for displaced families would be to exacerbate the already severe problem of residential segregation.

b. Efficient production.—As noted earlier, this criterion seems out of place among the other "required" criteria, which are concerned with site selection. Further, this criterion, while emphasizing the seemingly valid standards of reduced cost and meeting targeted production dates, could have the effect of discouraging the selection of sites in many suburban communities in which local opposition might cause delays and increase costs.

We are also concerned that emphasis on cost savings might encourage builders to cut corners and eliminate basic amenities from the subsidized housing, leading to shoddy construction and the construction of buildings that are obsolete before their time.

c. Nondiscriminatory location.—This is the one criterion expressly concerned with expanding opportunities for lower-income families outside areas of existing minority concentrations. We are concerned with the lack of sufficiently precise guidelines to enable those doing the evaluation to make judgments on an objective basis.

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*In this connection, there is an inconsistency between the evaluation form, which refers to "neighborhood and market area," and the instructions, which refer only to the "market area." This inconsistency should be resolved.

The instructions state that a "superior" rating will be given if the project is to be located "in an area with respect to which there is no present likelihood, in the judgment of the area or insuring office director, that it will become one of minority group concentration." The evaluation form, however, provides no standards that would enable the director to make this judgment on an objective basis. In the absence of such standards, these judgments are likely to be subjective and to be based on different factors depending upon the experience, attitudes, and perceptions of individual officials. We recommend that the criterion be revised to set forth specific standards to guide HUD officials in making these judgments.

We also are concerned over the "overriding need" exception, which permits an "adequate" rating to a project, even when located in an area of minority concentration. As you can appreciate, this exception, unless carefully limited and precisely defined, can almost invariably justify approval of sites located in such areas. In view of the fact that the criterion are based on a project-by-project approach, rather than a metropolitan-wide approach in which the problem of need can be dealt with comprehensively, this exception could well nullify the effectiveness of this important criterion.

d. Improved environmental location for lower-income families.—This criterion requires a rating of projects based on whether they will help lower-income families obtain housing outside neighborhoods accessible to jobs, transportation, and public facilities. We believe the reference to the percentage of subsidized housing as the standard for a "superior" rating is ill-advised. As you are aware, there are many inner-city slum neighborhoods without subsidized housing. To avoid giving a "superior" rating to such neighborhoods, the criterion should be changed to refer instead to areas in which lower-income families are concentrated, regardless of whether the housing is subsidized or unsubsidized.

We also are troubled by the public transportation requirement in that this would tend to prevent suburban communities, many of which lack adequate public transportation, from receiving a "superior" rating. By the same token, many ghetto neighborhoods would have to be disapproved because they lack of good educational, commercial, and recreational facilities. Further, the requirement that travel time to commercial and industrial job centers be less than 30 minutes seems unrealistically restrictive. In short, it is difficult to envision what neighborhoods would qualify for a "superior" rating under this criterion, as it now stands.

e. Effect of proposed housing upon neighborhood environment.—If a major purpose of the proposed criteria is to expand housing opportunities for lower-income families outside areas of existing poverty concentrations, we believe this criterion should be eliminated. Since a "superior" rating could be given only if the proposed project would result in improving the neighborhood, it would appear, at least under conventional stereotypes, that the sole effect of this criterion would be to exclude projects from affluent neighborhoods and confine them largely to inner-city slums.

f. Relationship to orderly growth and development.—Under this criterion a "superior" rating would be given for a project to be located in a neighborhood undergoing improvement through Urban Renewal, Model Cities, or Project Rehab. A "superior" rating also would be given if the proposed project has been requested by neighborhood residents participating in an improvement program for the neighborhood.

We believe the first basis for a "superior" rating should be amended to eliminate the reference to Project Rehab, since this bears no relation to comprehensive improvement of the neighborhood. Regarding the second basis for a "superior" rating, we have reservations whether the mere fact that some neighborhood residents request a proposed project necessarily means that the project will have a "superior" effect on the neighborhood environment.

The third alternative route to a "superior" rating would involve a finding that the proposed project "will affirmatively contribute to orderly growth and development in the metropolitan area, whether by reference to A–95 planning or otherwise." In view of the fact that the term "orderly growth and development" is left undefined, this standard is inadequate. If this criterion is to have meaning, it should be made clear that orderly growth and development of a metropolitan area includes as an essential element the provision of housing that is available to low- and moderate-income families and to minority families throughout the metropolitan area. As you know, Circular A–95 does not currently carry any such requirement for planning.

g. Employment and utilization of employees and business in project area.—This criterion would give preference to projects which would expand employment opportunities for lower-income persons residing in the area of the proposed project. This criterion, by giving such a perference, would favor inner-city sites and would tend to preclude from a "superior" rating affluent areas in which lower-income persons do not now reside. We recommend that this criterion be amended to require the training and employment of lower-income persons, wherever they may reside in the metropolitan area. We also recommend that this criterion specify that minority contractors and businessmen be afforded opportunities for contracts generated by the subsidized projects.

h. Exceptions to the rating system for low-rent public housing.—Five exceptions to the rating system would be provided for the low-rent public housing program. We fail to see why the objective which these exceptions are aimed at achieving cannot be achieved within the framework of equal opportunity site selection criteria. We also fail to understand why the public housing program should be singled out as the sole lower-income housing program to which these exceptions would be applied. We recommend that the exceptions be eliminated in that their retention would weaken the force of the site selection criteria.

As our comments have indicated, we fully support the principle of site selection criteria aimed at expanding opportunities for location of lower-income housing throughout metropolitan areas. The Project Selection Criteria proposed by HUD, however, would not, in our view, accomplish this purpose. In many cases, the net effect of the combination of criteria might be to confine subsidized housing to areas of existing minority and poverty concentrations. We believe the criteria should be subjected to a complete reexamination and that substantial revisions are necessary before they are ready to be put into effect.

We also wish to stress that site selection criteria, alone, are inadequate to accomplish the objective of expanding housing opportunities for lower-income families throughout metropolitan areas. As the Commission found in its recent report on the Section 235 program, frequently sites have been freely selected throughout the metropolitan area. The housing provided on these sites, however, invariably has been occupied on a racially segregated basis. Thus firm site selection criteria must be accompanied by equally firm criteria aimed at assuring nondiscriminatory occupancy, if subsidized housing programs are to have the effect of reversing the trend toward racial residential segregation. In this connection, we already have forwarded comments concerning the proposed Affirmative Marketing Guidelines and have urged their strengthening. As you can appreciate, even the most stringent requirements for site selection will accomplish little if steps are not taken to assure that minorities have equal access to housing located pursuant to those requirements.

By the same token, site selection criteria, while they can contribute substantially to encouraging builders and sponsors of subsidized housing to seek locations outside areas of existing minority or poverty concentrations, can do nothing to prevent jurisdictions in suburban and outlying parts of metropolitan areas from excluding such housing through use of zoning laws and other exclusionary land use controls. As we noted earlier, in many areas, builders and sponsors willing and able to provide subsidized housing in such jurisdictions have been prevented from doing so by these exercises of local governmental authority. Unless HUD is prepared to take firm action to neutralize the effect of these exclusionary laws, the impact of the site selection criteria, even if substantially strengthened, will be limited.

We hope these comments will prove helpful.

Sincerely,

HOWARD A. GLICKSTEIN,
*Staff Director.*

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U.S. COMMISSION ON CIVIL RIGHTS,
*Washington, D.C., November 4, 1971.*

Hon. GEORGE ROMNEY,
*Secretary of Housing and Urban Development,*
*Washington, D.C.*

DEAR MR. SECRETARY: On October 8, 1971, the Department of Housing and Urban Development invited this Commission's comments on its proposed "Project

Selection Criteria" and "Affirmative Fair Housing Marketing Regulations", dated October 2, 1971. We commented on earlier versions of the regulations and criteria in our letters to you dated July 22, 1971 and July 26, 1971 (copies enclosed), and we appreciate the opportunity to express our views on the revisions of these documents. The following constitute our comments on the criteria and the regulations.

### I. PROJECT SELECTION CRITERIA

The regulations would establish a system of rating applications for Federal assistance for homeownership projects under Section 235, for rental projects under Section 236 or rent supplement, and for public housing projects. Under the current proposed regulations, a project will be rated "superior", "adequate", or "poor", with respect to eight criteria (seven for Section 235) which are as follows:

1. Need for low(er) income housing;
2. Effect of project on minority housing opportunities;
3. Improved location for lower income families;
4. Relationship to orderly growth and development;
5. Relationship of proposed project to physical environment;
6. Ability of sponsor to perform;
7. Project potential for creating minority employment and business opportunities;
8. Provision for sound housing management (applicable only to rental and public housing and inapplicable to Section 235 ownership projects).

In order to qualify for assistance, a proposed project must obtain at least an "adequate" rating on each of the eight criteria (seven for Section 235).

#### *Basic policy of the proposed regulations*

In our July comments to you, we stated that we believe that the basic scheme of the proposed regulations was deficient in presenting an effective solution to the lack of housing opportunities and choices for low income and minority families in metropolitan areas. As we stated earlier, the civil rights laws relied upon as authority for the proposed criteria represent legal requirements of equal housing opportunity which would support HUD in requiring all communities which receive Federal grants to accept federally assisted housing.

The recent decision of the U.S. Court of Appeals for the Seventh Circuit in *Gautreaux* v. *Romney*, decided September 10, 1971, followed by Judge Austin's order of October 1, 1971, implementiing that decision, clearly illustrate that HUD has an obligation not only to avoid acting in a discriminatory fashion, but to act affirmatively to prevent housing discrimination and segregation. Judge Austin has required HUD not to release Model City funds to the City of Chicago unless the City fulfills its obligation under Title VI of the Civil Rights Act of 1964, and the Constitution, to undo the effects of past discriminatory site selection policies. The proposed site selection criteria, in our view, should proceed to implement the policy of the *Gautreaux* decision in every metropolitan area in the country.

The proposed regulations raise serious questions with respect to whether they will promote balanced housing development. The regulations are much improved in detail over the first proposal, but their fundamental approach, one of passivity, has not changed. If I may, I will repeat our basic objections as we stated them in July:

> The proposed criteria would operate on a project-by-project, rather than a metropolitan-wide, basis...
>
> We are convinced that site selection criteria based on a project-by-project approach are doomed to failure. Unless the location of subsidized housing is determined on the basis of a metropolitan-wide analysis of the various social and economic factors involved, the result will be a perpetuation of the chaos and irrationality that characterizes the racial residential patterns we now have in metropolitan areas...

> The project-by-project approach also reflects an unduly passive posture on the part of HUD, suggesting incorrectly that Department officials have no alternative but to rely exclusively on the receipt of individual proposals drawn up in isolation from other such proposals.

While the proposed criteria may have some effect in encouraging builders and sponsors of subsidized housing (including low rent public housing) to seek locations outside areas of existing minority or poverty concentration, they cannot achieve full implementation of the constitutionally and statutorily required desegregation policy enunciated in *Gautreaux*. The HUD criteria do not address themselves to the role of local governmental agencies, which play such a large part in determining the location of subsidized housing. In the case of low rent public housing and rent supplement, Federal law requires local governmental approach for each project. In the case of 235 and 236 projects (which were not at issue in the *Gautreaux* litigation, but which in our view, and in HUD's view also, should be subject to the same site selection criteria as low income public housing) local governments often prevent builders and sponsors from establishing such housing by means of zoning laws and other land use controls. The failure of the HUD criteria to address themselves to these problems may well prevent such criteria from achieving unsegregated site location.

It is our view, in sum, that the Federal government has the duty to force local governments to face up to their obligations to play their part in providing all residents of metropolitan housing areas with meaningful housing choices, regardless of race or income. It is also clearly the obligation of the Federal government to insure that housing built with its assistance plays a role in dismantling the present housing patterns which restrict minority persons to the inner cities. In order to do this, at the minimum, HUD should institute a periodic review of the applications received and approved under these criteria in order to evaluate their collective effect on metropolitan housing opportunities. This would not impose an undue burden on the Department since applications are funded on a periodic basis due to budgetary considerations. Such a review cannot take the place of a carefully prepared plan designed to disperse low and moderate income housing in accordance with a sound growth pattern. It can, however, prevent a project-by-project approval system from contributing to further irrationality in the development of our cities.

We would also like to repeat one general comment we made in July because of its inherent importance: we believe that the role of HUD's equal opportunity staff in implementing the regulations should be clearly defined in the criteria.

***Specific comments on criteria***

1. *Need for low(er) income housing.*—This criterion, like criterion 2, requires determinations based in part on the character of the local "housing market area". This term is not defined. It seems very important to define this term as including the entire metropolitan area in order to make these regulations effective. We must get away from the notion that housing needs are limited to individual communities—*people*, not communities, need and choose housing, and in this mobile country, people are not confined by artificial jurisdictional lines.

In determining need for the purposes of criterion 1, the instructions for criterion 1 requires that a "poor" rating be given to proposals in a market area where sale vacancies in *all* price categories exceed 2½ percent. It is not quite clear why this information is relevant. One would assume that only the vacancies in the price-size category proposed would be relevant in determining need, especially since most available housing is not within the reach of low or lower income families.

2. *Minority housing opportunities.*—This section is a considerable improvement over the earlier version. It insures that low and moderate income housing will only be located in areas of minority concentration if there is an overriding need for such housing which cannot be met outside that area for reasons that *exclude* racial discrimination. Such reasons can include zoning obstacles and excessive land costs. Such reasons can also include the preference of minority residents

for projects in their own neighborhoods. We hope that the careful definition of "overriding need" will insure that this exception to the requirement of nondiscriminatory location will not serve as an excuse for further impaction in areas of racial concentration.

We would propose as an addition to this criterion that wherever a project is approved because of an "overriding need" which cannot be met outside of areas of minority concentration (for reasons other than residents' desires), HUD should undertake a study of the obstacles that were found to contribute to this circumstance and take steps to eliminate such obstacles. If the obstacles are exclusionary practices of municipalities, such as, for example, exclusionary zoning ordinances, HUD should institute proceedings to terminate Federal assistance to such municipalities on the basis of the racial effects of their policies.

3. *Improved location for low(er) income families.*—This criterion is considerably improved over the earlier version. The revisions meet our objections to the earlier draft.

4. *Relationship to orderly growth and development.*—This criterion is also an improvement over the earlier version. It gives preference to projects that conform to a regional plan, and it requires HUD to consider whether an application is consistent with "sound growth" if no local plan exists. On its face, it appears to meet some of the objections we raised in July and reiterated above. The Commission is uncertain, however, that this criterion will in fact lead to a metropolitan-wide dispersal of low and moderate income housing. If HUD relies on the existence of a plan, it must take steps to assure that the plan has adequate housing provisions. The planning process as it is presently conducted in many local and regional areas does not include detailed provisions for the location, type, or occupancy of assisted housing units. Often plans are made with little regard for minority group concerns, without the opportunity for more than nominal citizen participation, and with no equal opportunity review. Although the Commission approves of the inclusion of criterion 4, we feel that it should be more detailed, and incorporate safeguards to assure that any plan relied upon is sound. Similarly, we would recommend guidelines defining the phrase "sound growth patterns," which is the standard to be applied in assessing a project application from a community which does not have a plan.

5. *Relationship of proposed project to physical environment.*—The revised criterion meets our objections to the earlier version.

6. *Ability to perform.*—The revised criterion meets our objections to the earlier version.

7. *Minority employment and business opportunities.*—Again, the revised criterion is an improvement over the earlier version. We are concerned, however, with the exception for proposals which cannot satisfy the minority employment requirement because the "area from which labor would customarily be recruited has a very low minority population." This exception may make sense in many rural areas but it could be abused in suburban areas which may be the customary recruiting source for all-white labor, but are in fact accessible to minority persons. The instructions for this criterion should be revised to prevent such abuse.

8. *Sound housing management.*—No comment.

*Conclusion*

As our comments indicated, we find the regulation substantially improved over the earlier draft and we appreciate HUD's apparent receptivity to public comments on its proposals. We still retain fundamental reservations concerning the policy embodied in the criteria, as explained above.

### II. AFFIRMATIVE MARKETING GUIDELINES

The purpose of HUD's "Affirmative Fair Housing Marketing Regulations" is to promote fair housing by requiring applicants for participation in FHA subsidized and unsubsidized housing programs to pursue affirmative fair housing marketing policies in the sale and rental of federally assisted housing.

The revised regulations are an improvement over the earlier version in that they broaden the coverage of the regulations to cover housing in excess of five units (as opposed to the 25 units provided by the earlier draft). They are also improved in the specificity of their provisions (for example, the regulations now specify, as the earlier draft did not, developers' responsibility for the acts of their marketing agents).

In addition, the regulations spell out more clearly the sanctions for noncompliance. However, they do not state what procedures would be followed. In the case of proceedings under E.O. 11063 which may result in the termination of Federal insurance, public notice of such proceedings would seem important to protect potential buyers of properties which may no longer be covered by Federal mortgage insurance.

On the whole, however, the revised draft does not meet most of the Commission's concerns with respect to the earlier version, which were set forth in our letter of July 22, 1971. Instead of explaining those concerns fully, I will summarize the most important ones and refer you to the above letter:

1. The regulations still only apply to projects "hereafter developed" under FHA programs. We believe that coverage could be considerably broader (p. 3 of July 22 letter).
2. Only assisted housing of assisted developers or sponsors is covered. Again, we feel that this limitation is unduly restrictive. (Id.)
3. The regulations still do not require affirmative recruiting of minority sales or rental staff. (Id.)
4. The regulations do not require affirmative marketing plans to contain specific goals and timetables. (p. 4 of July 22 letter)

*Conclusion*

In contrast to the site selection criteria, the affirmative marketing guidelines do not seem to us deficient in their basic approach but rather in the details of their requirements. We hope that their further revision will result in making them a really effective device in combatting the pernicious effects of discrimination in the housing market.

Sincerely,

JOHN A. BUGGS,
*Acting Staff Director.*

STATEMENT OF

THEODORE M. HESBURGH, C.S.C., CHAIRMAN
UNITED STATES COMMISSION ON CIVIL RIGHTS
ON H.R. 9688, THE "HOUSING AND URBAN DEVELOPMENT ACT OF 1971"
BEFORE THE
HOUSING SUBCOMMITTEE OF THE HOUSE BANKING AND CURRENCY COMMITTEE

September 16, 1971

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to present the views of the U.S. Commission on Civil Rights concerning H.R. 9688, the proposed Housing and Urban Development Act of 1971. We consider this legislation to be of special importance in the Nation's historic effort to achieve its avowed but still unrealized goal of "a decent home and a suitable living environment for every American family." The bill is especially important for several reasons:

First, it departs from the traditionally narrow view of our national housing goal, which has been concerned almost exclusively with new housing production. The proposal does this by recognizing the need to preserve existing housing and to head off the already alarming problem of housing deterioration and abandonment.

Second, the bill seeks to make sense out of the crazy quilt of housing and urban development programs that have grown piecemeal over the past several decades and to end the fragmented and compartmentalized system by which Federal housing and urban development programs operate.

Third, it recognizes metropolitan areas for the single social and economic units that they are. The bill attempts to gear the operation of programs for housing and urban development to this metropolitan-area reality.

Above all, this legislation is important because its concern is not so much with adding new programs to the many we already have, but in making existing programs truly responsive to the needs they are supposed to meet.

In a sense, this bill marks the end of one era of housing legislation and the beginning of a new one. The series of housing acts over the last several decades, culminating in the landmark Housing and Urban Development Act of 1968, represented a monumental and largely successful effort to create the legislative tools necessary to achieve the national housing objective. But as this Subcommittee recognizes--indeed, as it recognized in 1969 when I was privileged to testify before you on National Housing Goals--the system of housing and urban development assistance that you labored hard and well to devise is not living up to expectations. H.R. 9688 represents a bold, new effort to reshape and refine existing legislative tools so that the system can and will work. In short, the bill seeks to come to grips--rationally and realistically-- with the wide gap between the reality of the towering problems facing the Nation's metropolitan areas and the effort being made to meet them.

The Commission fully supports both the purposes and approach of the legislation. The view of reality represented by the bill, however, is not a complete one. The problems it deals with are only some of the problems facing our metropolitan areas. I will discuss at greater length the Commission's view of the full scope of these problems and suggestions for ways in which the bill can be strengthened to meet them more effectively. As requested in the Subcommittee invitation, I will deal primarily with Title V, but I will touch briefly on several other titles of this bill.

Mr. Chairman, the Nation has just witnessed a decade of unprecedented governmental activity to assure basic rights for minorities and for economically disadvantaged prople. During the 1960's, Congress enacted four separate civil rights laws of sweeping comprehensiveness. During the same decade a series of far-reaching social and economic welfare programs was enacted with almost breathtaking speed. Many members of this Subcommittee played key roles in drafting and guiding those proposals.

We now have had some time to examine the results of those efforts, and I am sure the members of this Subcommittee will agree that the results are disappointing. The impact of the laws produced during the 1960's has not matched their promise.

Nowhere is the gap between promise and performance wider than in the field of housing. Despite the legal requirements of equal housing opportunity we now have, the confinement of minority families to deteriorating parts of core cities has continued. Indeed, as recent census data show, residential segregation in metropolitan areas has intensified. And despite the far-sighted programs of housing and urban development for which this Subcommittee is so largely responsible, the problems facing the Nation's urban centers seem to be growing worse.

Why has this happened? Why has the formidable array of civil rights and substantive programs in the area of housing proved to be such a disappointment? The Commission has had occasion to examine closely the operation of both civil rights laws and substantive housing programs to determine how well they are working and where the inadequacies lie.

In an October 1970 report, entitled "The Federal Civil Rights Enforcement Effort," the Commission examined more than 40 Federal departments and agencies with significant civil rights responsibilities to determine how well they had geared themselves to carry out their mandates of assuring equal opportunity. A major portion of that report was devoted to the enforcement of fair housing laws. We found a number of weaknesses and inadequacies common to virtually every Federal agency, regardless of the civil rights laws they were called upon to enforce. Chief among our findings of inadequacy was that many agencies--and this was particularly true of the Department of Housing and Urban Development--operated their substantive programs in isolation from civil rights compliance and enforcement programs and without regard to their civil rights implications. This amounts to relegation of civil rights to "busy work"--the processing of individual complaints, the issuance of paper procedures, and the like--while what is perceived as the main business of the agencies--handing out program grants as rapidly as possible while the pipeline fills up with more requests--proceeded without interference.

In housing, as in many other fields affecting metropolitan areas, the insulation of civil rights from substantive programs can tend only to perpetuate inequity and exacerbate the problems we face. I submit, Mr. Chairman, that the continuing deterioration of our great urban centers and the accelerating racial and economic polarization in metropolitan areas results in substantial part from the artifical, but sharp, distinction that many continue to draw between civil rights and substantive programs. Thus "fair housing" and "housing" often are perceived as representing two separate worlds when, in fact, they are parts of the same. We have viewed too narrowly the problems of housing and urban development facing our metropolitan areas. We have seen them in the limited terms of economics--financial mechanisms, market aggregations, and the like--but have failed to include adequately in our considerations the continuing human problems of racial discrimination. This failure has tended to thwart our best efforts toward the successful operation of our most promising programs.

The Commission saw firsthand evidence of this through its study of the operation of the 235 program of Home Ownership for Lower-Income Families. In 1968, when that program was pending before this Subcommittee, the Commission testified in its support. However, we raised several key questions about how the program would operate. We asked:

> "Where will these units be provided, who will occupy them, and what will be the effect ... in determining the nature of our society and of race relations for the future?"

Experience with existing lower-income housing programs had taught us that there were good reasons for our posing these questions. To the extent that past programs were operating in metropolitan areas, they were confined almost entirely to the central city and the projects tended to be occupied on a racially separate basis.

We recognized that there were a number of features of the new program that could spell success. For one thing, by harnessing the full resources of the private housing and home finance industry, the program could produce needed housing in large volume for lower-income families. In addition, the legal impediments to free operation of lower-income housing programs throughout metropolitan areas--the workable program or local government approved requirements--were absent from the Section 235 program. Further, the program, by emphasizing traditional forms of home ownership, could produce housing that would fit in comfortably with the character of many suburban communities and thereby facilitate operation outside core city areas where minorities and the poor are confined. Nonetheless, we warned:

> "Unless specific provisions are contained in the bill to require or facilitate racial and economic desegregation, the programs it establishes may well have the effect of reinforcing such segregation and isolation, and aggravating the problems which stem from it."

Our study of the 235 program has shown mixed results. Measured by the volume of housing produced under it, the program has undoubtedly been a significant success. The private housing and home finance industry has responded with enthusiasm. In less than three years, Section 235 has produced nearly a quarter of a million units.

Measured by the standard of location of units, the Commission judges Section 235 as a qualified success. Although instances have come to the Commission's attention in which suburban communities, through various land-use requirements, have excluded housing provided under the program from their borders, in other areas, Section 235 has operated freely. For example, in Little Rock, Arkansas, all but two of the 64 new 235 houses surveyed by Commission staff were located in the suburbs. In Denver, Colorado, all 19 of the new 235 houses surveyed were located in suburbs.

Racial occupancy patterns, however, presented a disturbing picture. New suburban 235 housing was being occupied almost entirely by whites; existing 235 housing, located largely in the inner city, was being occupied almost entirely by minorities. In short, we found that the traditional pattern of rigid racial residential segregation was being precisely duplicated in the 235 program.

As the Commission pointed out, the usual economic rationale for the separate housing markets for whites and minority families simply will not hold up for the 235 program. All program participants are in the same income range. All housing under the program, new and old, suburban and inner-city, is within the same mortgage limits.

Nonetheless, we found that the traditional segregated pattern was being repeated under the 235 program. The reasons were not hard to identify. They amounted to a combination of the persistence of discriminatory practices by key members of the housing and home finance industry, the legacy of past discrimination, and the passive posture of the Federal Housing Administration.

The Commission's series of hearings on suburban access showed us that the separate and unequal worlds represented in the 235 study are characteristic of all our metropolitan areas. The growing separation of our cities and suburbs by income, but especially by race, is our gravest domestic problem. Recent census data show that separation by color is much more pronounced than is separation by income, and that it is mainly the minority poor who have been shut out of suburbia. There is no need here to recapitulate the devices by which suburban jurisdictions have maintained their selfish isolation. Among the devices are zoning, land use controls, building codes, and opposition to transportation methods which are accessible to the poor. What should be stressed, however, is the great harm to our Nation that stems from urban polarization, and the need to overcome it.

There are several lessons to be learned. The bill this Subcommittee is considering reflects some of those lessons. One lesson that all of us have learned, reflected in Title V of the bill, is that housing programs, and particularly lower-income housing programs, no longer can be permitted to operate in metropolitan areas on a piecemeal, project-by-project basis. Rather, they must operate on the basis of a realistic and long-term assessment of need.

Another lesson is that methods must be devised to overcome the obstacles many suburban communities have erected to exclude lower-income families. A third is that if the irrational system under which housing programs have operated in the past is to be altered, we must intrude on the comfortable relationship that has developed between government and industry--a relationship which has perpetuated and intensified patterns of racial and economic housing segregation.

Title V, with its key elements of metropolitan and State housing agencies, is an innovative attempt to profit from these lessons. Subsidized housing funds no longer would be provided to builders and sponsors without regard to the social and economic impact on the metropolitan area. Rather, funds would be funneled through centralized housing agencies with metropolitan-wide jurisdiction. Funds would be provided on the basis of a three-year program that seeks to identify area-wide housing needs, taking into account such factors as proximity to places of employment, income groups to be served, and local programs both to encourage new housing production and to preserve existing housing.

Title V also would provide for metropolitan incentive grants. Funds made available to metropolitan housing agencies could be provided to local governments to help cover the difference between the cost of providing various community services and facilities to lower-income families and the amount of revenues received in the form of taxes or assessments from these families. Thus the bill would tend to nullify an economic argument often raised to justify the exclusion of lower-income families from suburban communities.

Of all the titles of this comprehensive bill, the Commission believes that Title V has the greatest potential for meeting the housing problems of lower-income families in a way that would contribute to the social and economic health of the entire metropolitan area. The provisions of this title carry the capacity for doing away with the irrationality of the existing system by which federally subsidized housing programs are operated, of making order out of what is now little short of chaos.

Of special importance is the express recognition of the close relationship between jobs and housing. It is a plain fact of modern-day American life that many sources of employment, particularly those for which relatively low-skilled people could qualify, have moved from the central city to suburban and outlying parts of metropolitan areas. For example, as the Commission pointed out in its 1970 report on "Federal Installations and Equal Housing Opportunity," jobs in the manufacturing and retail trades, for which beginners or unskilled people could qualify, are the ones for which the trend toward suburban locations is strongest. Yet, the poor and the untrained live in the core city, often far from new centers of employment. Even if they learn of job openings and land a job, it is difficult for them to keep it. Public transportation is totally inadequate for these people, who are "reverse commuters." Many do not possess automobiles which can be relied upon to make the necessary long trip without a breakdown. As the Commission also pointed out in that report: "The surest access to suburban job centers is through the provision of housing at or near these locations at prices lower-income employees can afford." It is gratifying to see that the bill faces up directly to this issue of jobs and housing.

While we fully support the objectives and approach of Title V, we have several reservations about this important title as it currently stands. These reservations cluster around the single issue of whether sufficient authority is provided to enable State and metropolitan housing agencies successfully to bear the enormous responsibility that would be conferred on them and whether the breadth of vision that underlies creation of these new mechanisms will be matched by the results they can achieve.

Title V provides for a proposed three-year housing program containing area-wide housing needs and objectives toward meeting these needs. It also provides that income groups to be served would be identified, as well as the general location of the housing units to be made available to each such group. While the Commission fully supports these provisions, the problem is whether sufficient authority exists, in the form of the power to offer incentives or to impose sanctions, to enable the metropolitan housing agency to carry out its program. We have serious doubts whether such authority does exist.

In our view, there are too few incentives, and fewer sanctions, to overcome the opposition that many suburban jurisdictions have exhibited to permitting lower-income families to reside within their borders.

The only inducement that we see in the bill consists of metropolitan incentive grants which would help relieve suburban communities of the financial burden some of their spokesmen claim they would have to bear if the poor lived among them. The only other provision in the bill seeking to meet this problem of suburban exclusion of the poor is one which provides for encouragement by State or metropolitan housing agencies, through "studies, technical assistance, and advisory and information services," to eliminate "unreasonable restraints on the provision of housing for low- and moderate-income families." We doubt that the financial incentive is sufficient to overcome suburban opposition or that encouragement realistically can be expected to result in the elimination of suburban restraints on the provision of lower-income housing.

Yet, if suburban communities cannot be persuaded to cooperate in the implementation of the metropolitan-wide housing program, the program's chances of success are slim. The answer to this problem, it seems to us, lies in Title VI of the bill, dealing with Community Development Block Grants. If lower-income housing programs hold no charm for suburban communities, many of the programs under Title VI for which Federal money will be made available--such as water and sewer facilities, open space, the construction of utilities and streets--do. Here lies the incentive to persuade suburban communities to cooperate with metropolitan housing agencies. Full participation, not only as a member of a metropolitan housing agency, but also in the implementation of a metropolitan housing program, should be made a condition of participation in the benefits of Community Development Block Grants. Suburban communities would not be required to participate. But if they chose to "go it alone," they also would "go it alone" in financing various public facilities.

As Title VI presently reads, a suburban community that declines to cooperate with a metropolitan housing agency would remain eligible for Community Development Block Grants so long as it had formulated a program of its own. This program would have to include activities designed to provide an adequate supply of standard housing, "particularly for low- and moderate-income individuals and families who are employed in the community." Under this provision, it would not appear that the suburb would be under any obligation to assure housing for lower-income families who do not work there, but who nonetheless would like to work and live there. It would not even be required to remove the legal obstacles, such as large-lot zoning, to the provision of lower-income housing. Nor would it appear to be under any obligation to assure housing for lower-income families who are employed in areas just outside the corporate limits. This provision, therefore, not only would be unlikely to provide a sufficient inducement to persuade suburban communities to provide lower-income housing, it might well tend to perpetuate racial and economic segregation by requiring each jurisdiction to provide lower-income housing within its own borders for those who presently work there.

We believe that tying Community Development Block Grants to participation in metropolitan housing agency programs is a key to the success of this legislation. We urge the Subcommittee to give careful consideration to this recommendation.

We also are concerned over the makeup of metropolitan housing agencies. Section 502 provides: "To the greatest extent practicable, metropolitan housing agencies shall be representative of the elected officials of all of the units of general local government within the metropolitan area." This language seems to suggest that each of the jurisdictions in a metropolitan area will have substantially equal representation on the metropolitan housing agency, regardless of population. Indeed, this is often the case regarding the makeup of Councils of Government. At the Commission's Washington Hearing on "Suburban Access" last June, Mayor Carl Stokes of Cleveland argued that underrepresentation of Cleveland in the Council of Government tended to place his city at a distinct disadvantage in relation to the surrounding suburbs. We believe Mayor Stokes' argument is persuasive.

We urge that the bill make it clear that while all jurisdictions should be represented on metropolitan housing agencies, representation for each jurisdiction shall be determined on the basis of population.

There is one additional shortcoming of Title V: It is silent on the problem of racial discrimination. While we fully support the Title V objective of locating lower-income housing in a manner that will serve the social and economic interests of the entire metropolitan area, we have severe doubts whether this necessarily will benefit minority families on an equitable basis. The problems of racial and economic discrimination are simply not the same. Measures to assure location of lower-income housing throughout metropolitan areas will not, in and of themselves, afford minority families--poor or affluent--with the mobility or freedom of housing choice available to their white counterparts.

This is the principal lesson the Commission learned from its study of the Section 235 program. We found deliberate "steering" by brokers of minority home seekers to houses in areas of existing minority concentration--housing that often was run down and even dilapidated. We found discriminatory advertising by builders, designed to attract only white families to 235 housing in the suburbs. We found many lending institutions either unsympathetic to the idea of residential desegregation or indifferent to the patterns they were financing. And we found FHA sitting by passively while a mockery was made of the principle of equal housing opportunity.

Housing discrimination, in both current practices and the legacy of the past, are among the realities that this legislation must deal with squarely if it is to contribute fully to the health and vitality of our metropolitan areas. We urge that metropolitan housing agencies be required to deal directly with the problem of racial residential restrictions. For example, the three-year housing program should describe trends in residence by race, as well as income. It should candidly define the barriers to free housing choice and the steps that will be taken to eliminate these barriers.

Mr. Chairman, Title V represents a unique opportunity to deal rationally and creatively with the housing problems facing metropolitan areas. We at the Commission are convinced that these problems cannot be resolved unless we also take positive measures to reverse the already alarming trend toward racial and economic separation.

It is not enough to direct metropolitan housing programs toward such worthy goals as equitable allocation of housing subsidy funds, greater capability for market aggregation, or even better opportunities for employment, important as these goals are. A cornerstone of these programs also must be the elimination of racial and economic separation and the establishment of true housing choice for the poor and for minorities. Further, HUD must evaluate these programs and determine their funding in light of their capability to accomplish this objective.

Mr. Chairman, the problem of racial and economic separation will not disappear if we merely ignore it. We must recognize this as a part of the harsh reality of our urban environment and deal with it accordingly.

I would like to comment briefly on several other titles.

Title IV would provide for an exapnsion of the experimental housing allowance program. The Commission supports the principle of housing allowances as a means of facilitating a broader range of choice for lower-income families. I feel obliged, however, to add a word of caution, based again on the 235 program.

You may recall, Mr. Chairman, that when the Commission testified in favor of the Housing and Urban Development Act of 1968, we urged that the 235 program not be limited to new construction, but that substantial use be made of existing housing. There were two reasons for this recommendation. First, we thought it was important that the program, which was being hailed as one that would be of significant help to the Nation's disadvantaged, have an immediate impact. If the program had been limited to new construction, this immediate impact would have been impossible, and we feared that disillusion and frustration would result. With use of existing housing, however, the program could begin effective operation at once by moving lower-income families into standard housing in the existing housing inventory.

In fact, this proved to be the case. A substantial part of the 235 program during its first two years of operation was devoted to existing housing and thousands of lower-income families--black and white alike--quickly were able to enjoy the benefits of home ownership in decent housing.

There was another reason for our recommendation. In our view, use of existing housing under the 235 program would broaden the range of housing choice for lower-income families in the same way that a housing allowance program would. That is, lower-income families, instead of being confined to areas in which builders and developers happened to construct 235 housing, could choose from among a variety of areas and neighborhoods with existing housing satisfying the 235 criteria.

As you know, Mr. Chairman, we got our wish. The bill was amended to permit substantial use of existing housing under Section 235. As you also know, a number of abuses under the program have come to public attention, almost all of which involve existing housing. In many cases, the poor, instead of benefiting from this aspect of the program, have been victimized by unscrupulous brokers and speculators. These buyers have been saddled with deplorable housing that no family should have to live in.

It is important to learn the right lesson from the abuses that have occurred under the Section 235 program. The lesson is not that the poor should not be permitted to choose the housing in which they wish to live or that a housing allowance program is unworkable. Rather, the lesson is that safeguards in the form of counseling and informational services must be provided to assure that the poor--particularly the minority poor, who face racial as well as economic exploitation--can exercise their rights fully and knowledgeably.

In this connection, we note that Title III provides for a program of counseling. It also would create a housing ombudsman in the form of a Special Assistant to the Secretary of Housing and Urban Development, who would represent the needs and interests of participants in federally assisted housing programs. We support the provisions of Title III. I wish to call to your attention, however, a detailed recommendation the Commission made in its report on the 235 program.

That recommendation set forth a broad range of counseling and informational assistance which we believe should be provided. With your permission, Mr. Chairman, I would like to submit it for the record and urge that the Committee consider amending Title III to incorporate its suggestions.

My final comment will be on Title I. To many, this would appear to be the least important title in the bill. It sets forth no program of loans or grants, nor any other form of financial assistance. There is no money in it. In short, nothing "turns" on Title I.

I read Title I differently. For in Title I the Congress of the United States addresses the fundamental question of what our national housing goals really should be. It seeks to broaden the traditional view beyond bricks and mortar and financing mechanisms. In this title, Congress sets forth the broad criteria by which the value of housing and urban development programs is to be determined and the performance of the agencies that administer them is to be measured.

We believe it is important that the statement of national housing goals be of sufficient vision and comprehensiveness that their achievement can make a decisive difference, not only in improving the physical environment of our metropolitan areas, but also in bringing peace and harmony to the people who live there.

Mr. Chairman, as I have pointed out earlier, the one great omission in this splendid piece of legislation is express recognition of the problem of racial discrimination. We believe it is important that the technical provisions of the bill, particularly those in Titles V and VI, deal directly with this problem. We believe it is equally important that Congress, in its definition of national housing goals and the impediments to their achievement, expressly acknowledge the special barriers that minority families face and establish the total elimination of those barriers as one of the prime goals toward which the Nation's housing effort is to be directed.

I recognize, Mr. Chairman, that civil rights is not an issue that traditionally has been discussed in hearings before this Subcommittee. I also recognize that it is even unusual for an agency with the words "civil rights" in its title to present testimony before this Subcommittee. I am not at all sure whether the Commission's testimony and its recommendations for strengthening the provisions of this legislation will help or hurt its chances for enactment. But civil rights issues plainly are involved in substantive housing legislation. The myriad problems that they underlie will be met satisfactorily only if these issues are faced up to directly and dealt with directly.

This Subcommittee has been the guiding spirit behind some of the noblest and most compassionate social legislation in the Nation's history. It has acted, time and again, with courage and conviction. It has defied those cynics who claimed that its proposals were impracticable and politically unfeasible. With knowledge of this tradition among the members of this Subcommittee, the Commission offers its comments and suggestions.

I will be glad to answer any questions that you may have.

Recommendation for Expanded Counseling Services

The Department of Housing and Urban Development should establish offices, readily accessible to neighborhoods with a high proportion of lower-income households, throughout metropolitan areas to advise lower-income families and organizations representing their interests concerning housing available under the following lower-income housing programs: low-rent public housing, Rent Supplements, Section 235, and Section 236. The function of these offices should be to provide such information as the following:

a. Which programs are being operated in the particular metropolitan area.

b. The location of housing being provided under each program and the identity of the builder or sponsor.

c. The price or rental range of housing in each subdivision or project.

d. The qualifications necessary for eligibility to obtain housing in each such subdivision or project.

e. An analysis of each individual family's needs and resources, and advice as to the kind of program and housing that would best meet its needs.

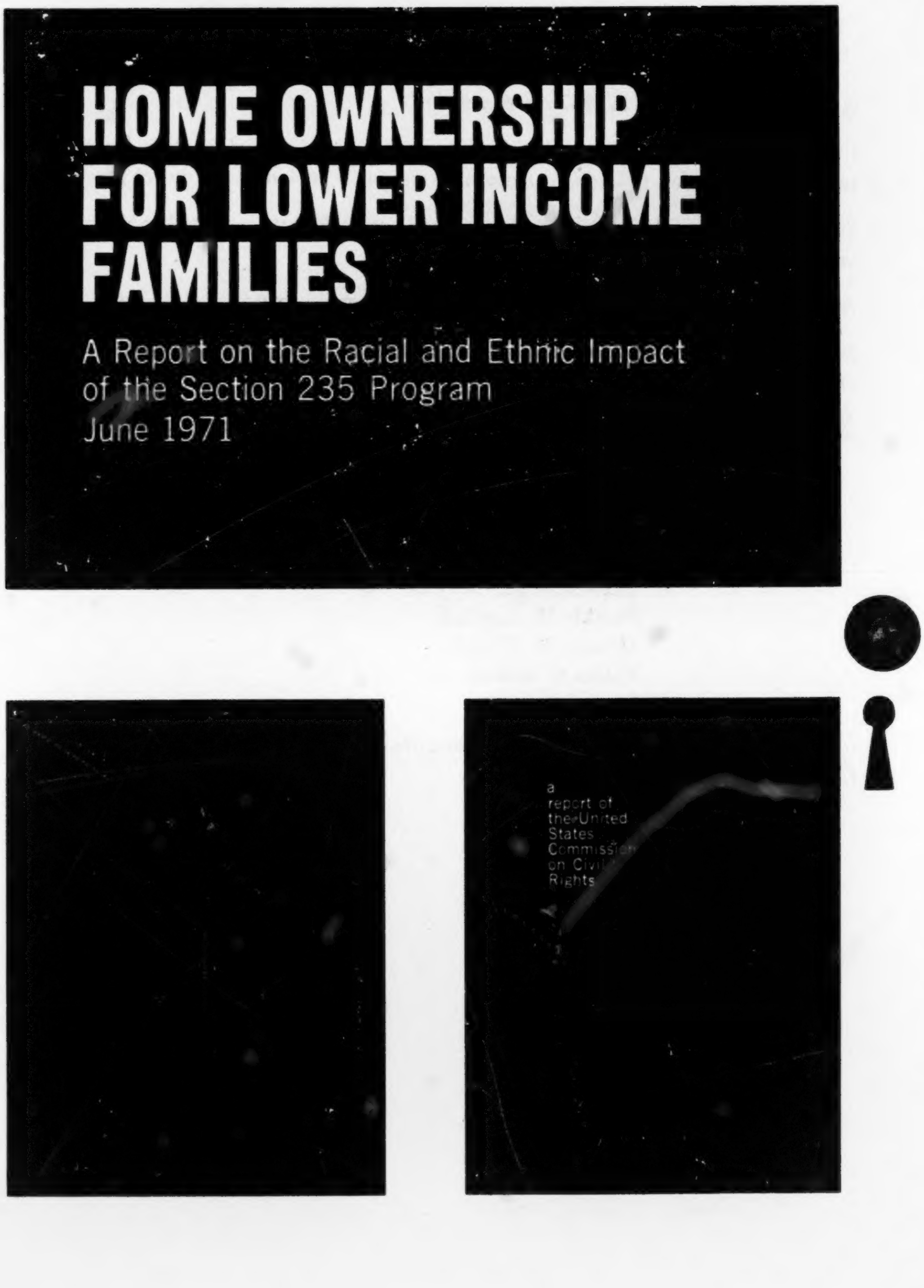
f. Advice as to the nature and amount of the subsidy available in each program for which the family is eligible, so as to assure that the family will be in a position to obtain the full benefit of the assistance that exists.

g. Advice on the rights and responsibilities of home ownership, including equity rights, income tax advantages, and physical upkeep of the property.

h. A description of the procedures and steps that the family must follow to obtain the housing.

i. Advice on their rights in the event families should encounter racial, ethnic, or economic discrimination on the part of builders or sponsors.

j. In those areas where there are families which have difficulty communicating in English, the neighborhood offices should provide staff members who are fluent in languages other than English.



# HOME OWNERSHIP FOR LOWER INCOME FAMILIES

A Report on the Racial and Ethnic Impact
of the Section 235 Program
June 1971

a
report of
the United
States
Commission
on Civil
Rights

10738

## U.S. COMMISSION ON CIVIL RIGHTS

The U.S. Commission on Civil Rights is a temporary, independent, bipartisan agency established by Congress in 1957 and directed to:

Investigate complaints alleging that citizens are being deprived of their right to vote by reason of race, color, religion, or national origin or by reason of fraudulent practices;

Study and collect information concerning legal developments constituting a denial of equal protection of the laws under the Constitution;

Appraise Federal laws and policies with respect to equal protection of the laws;

Serve as a national clearinghouse for information in respect to denials of equal protection of the laws; and

Submit reports, findings, and recommendations to the President and the Congress.

### Members of the Commission

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## LETTER OF TRANSMITTAL

THE U.S. COMMISSION ON CIVIL RIGHTS,
*Washington, D.C., June 1971.*

THE PRESIDENT
The President of the Senate
The Speaker of the House of Representatives

SIRS:

The Commission on Civil Rights presents to you this report pursuant to Public Law 85–315, as amended.

This report is based on Commission staff investigations of the substantive form and social impact of Title I of the Housing and Urban Development Act of 1968, commonly known as section 235. We are encouraged by the enactment of this legislation which establishes the Federal Government's first large-scale program for assisting lower-income families to become homeowners.

Investigations in four metropolitan areas of the country, Denver, Little Rock, Philadelphia, and St. Louis, show that, by volume of minority participation, the program is proving successful. But the housing has not been provided equitably in all sections of the country and close scrutiny reveals that where the program does function, its full potential is being stifled by traditional patterns of racial and ethnic discrimination.

Majority group families are being located, for the most part, in suburban areas while minority group families are generally being located in ghetto areas or "changing" neighborhoods in the central city. The Commission's research has shown that implementation of Section 235 has been responsible for perpetuating segregation.

The typical 235 buyer has little knowledge of the complexities of buying a house. He must rely on the experience and assistance of such Government agencies as the Department of Housing and Urban Development and its Federal Housing Administration, which directly influence the efforts of real estate brokers, builders, mortgage lenders, and communities-at-large. Cooperation from all of these sources has been found to be negligible and inadequate.

As a result, separate and unequal housing markets under Section 235 continue the dual way of life that has proved so costly and harmful to our citizens in the past. We trust that the Commission's findings will prove helpful to the public and private agencies and individuals directly concerned with this program so that the dignity and freedom of homeownership explicit in the 1968 legislation will become a reality for all Americans.

Respectfully yours,

REV. THEODORE M. HESBURGH, C.S.C., *Chairman.*
STEPHEN HORN, *Vice Chairman.*
FRANKIE M. FREEMAN.
MAURICE B. MITCHELL.
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The report was prepared under the overall supervision of Martin E. Sloane, Assistant Staff Director, Office of Civil Rights Program and Policy.

SUMMARY

# HOMEOWNERSHIP FOR LOWER-INCOME FAMILIES

## A Report on the Impact of the Section 235 Program

More than 20 years ago, the Congress of the United States established the national housing goal of "a decent home and a suitable living environment for every American family." For most Americans, that goal has been achieved in the form of good housing in neighborhoods of their choice. It has been realized primarily by using a variety of conscious Federal policies. These have been aimed at harnessing the energies and resources of private enterprise for the purpose of bringing homeownership within the means of the great mass of Americans. The policies have included such devices as establishing a nationwide network of low-interest credit for mortgage lending institutions, tax incentives to encourage homeownership, and Federal insurance and guarantees of home mortgages. Largely through Federal involvement in housing and home finance, we have become a Nation of homeowners.

But the national housing goal has not been achieved for all Americans nor have the benefits of homeownership been made equally available to all. For the Nation's poor, decent housing often has been beyond their means. For many of the Nation's minority families, the factors of race and ethnic origin have operated as devastatingly as economics to deny them the benefits of decent housing or opportunities to exercise housing choice. As of 1970, nearly two out of every three white families owned their own homes, but only two out of every five black families were homeowners. For this group of Americans the national housing goal remains largely a shadowy slogan without substance.

Over recent years, the Federal Government has increasingly directed its attention toward meeting the problems of housing discrimination and inadequate housing for lower-income families. During the decade of the 1960's, all three branches of the Federal Government acted to remove the legal basis for racial discrimination in housing. In 1962 President Kennedy issued Executive Order 11063 which prohibited discrimination with respect to federally assisted housing.[1] In April 1968, Congress enacted a Federal fair housing law prohibiting discrimination in approximately 80 percent of the Nation's housing. And 2 months later, the Supreme Court of the United States held that an 1866 civil rights law, enacted under the authority of the 13th amendment, prohibited racial discrimination in all housing, private as well as public. While these laws afford full legal protection against housing discrimination, lack of vigorous enforcement has substantially reduced their effectiveness. Race and ethnic origin still determine where people may live.

During the decade of the 1960's, the Federal Government also established programs aimed at enabling lower-income families to obtain decent housing at prices and rents they could afford. Before the decade opened, there had been only one program—low-rent public housing—available to serve the needs of lower-income families. By its close, five had been established.

While these programs vary in the form of their financing mechanisms and in the income range of families they seek to serve, most share one element in common. They are concerned mainly with the provision of rental housing. One, however, is unique. As part of the landmark Housing and Urban Development Act of 1968, Congress established a program of homeownership for lower-income families. This program, called Section 235, represents the first large-scale effort to bring the benefits—both material and psychological—of homeownership within the reach of lower-income, as well as more affluent, families. It has the potential value of enabling lower-income families, particularly minority families, to live in dignity and to broaden their range of housing choice.

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[1] The Executive order applied to such federally assisted housing as public housing and FHA and VA housing but did not include housing which was purchased with mortgage loans made by lending institutions insured and supervised by Federal financial regulatory agencies such as the Federal Home Loan Bank Board or the Federal Deposit Insurance Corporation.

Because it represents a landmark in provision of equal housing opportunity, the Commission investigated the operation of the program in four metropolitan areas, Philadelphia, Little Rock, St. Louis, and Denver. It sought to determine the extent of participation by lower-income minority families and the program's impact in opening up housing opportunities for minority families outside areas of existing minority concentrations.

### General Impact of the Program

In the relatively brief time since its establishment, the 235 program has provided an impressive volume of housing. During 1970, fully 30 percent of all new houses that sold for less than $25,000 were purchased by 235 buyers. The benefits of the program, however, have not been equally available in all areas of the country. Southern and border States have accounted for nearly half of all 235 housing. By contrast, only 6 percent of the 235 units have been provided in the heavily populated Northeastern region. One major reason for the comparative lack of 235 activity in the Northeast has been the high cost of producing housing in that area of the country, in relation to the maximum mortgage limits permitted under the 235 program.

Local laws and policies on land use have limited the choice of sites for 235 housing. Because of restrictive zoning laws, such as minimum lot size requirements, builders who seek to construct new 235 houses in suburban sections of metropolitan areas often have been prevented from doing so.

### Extent of Minority Participation

Measured only by the extent of minority participation in the program in the four metropolitan areas visited by Commission staff, the program is proving a success. In each of these four areas, minority families are participating in larger proportions than they are represented in the population. A closer examination, however, shows that the full potential of the program is not being realized and that the traditional pattern of separate and unequal housing markets for majority and minority families is being repeated in the operation of Section 235.

### Separate Markets for 235 Housing

In Little Rock and Denver, the two metropolitan areas in which a substantial amount of *new* housing was being produced at the time of Commission staff investigations, it was found that nearly all was being located in suburban parts of metropolitan areas. Much of this new, suburban housing was being purchased by white [2] families. By contrast, most of the *existing* housing purchased under the program was located in ghetto areas or "changing" neighborhoods in the central city. Nearly all was being purchased by minority families. In other metropolitan areas, to the extent minority 235 buyers were purchasing new housing, it was located largely in subdivisions reserved exclusively for minority families. Further, because minority 235 buyers have tended to purchase housing that is older and less expensive than the housing purchased by whites, they have tended to receive less in the way of assistance payments under the program. In some cases, minority families have been rejected for 235 assistance because the price of the houses they were shown was too low to permit a subsidy.

### Quality of 235 Housing

While most of the housing purchased under the 235 program, existing as well as new, was of good quality—superior to the housing in which the buyers had previously lived—some was of poor quality. Speculators had been permitted to profit under the program at the expense of lower-income buyers, many of whom are unsophisticated in the complexities and technicalities of housing and home finance. Most of the poor quality housing was existing housing located in the central city and nearly all had been purchased by minority families. Thus, minority families have suffered disproportionately from the abuses that have occurred under the program—the same abuses that have occurred in connection with other, nonsubsidized Federal housing programs that are operating in the central city.

In January 1971, Secretary of Housing and Urban Development, George Romney, temporarily suspended operation of the existing housing aspect of the 235 program because of these abuses. Other programs in which the same abuses have been discovered, however, were permitted to remain in operation. In addition, the new housing aspect of the 235 program, which has mainly served white families, was also permitted to continue. The burden of the Secretary's action fell with disproportionate severity on minority families.

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[2] The term "white" is used in the report to refer to Caucasians who are not of Puerto Rican, Mexican, or Spanish descent.

### The Anatomy of Segregation in 235 Housing

Why has the traditional pattern found in the housing market in general been repeated in the 235 program? A strong arsenal of civil rights laws exists to protect minority home seekers from discrimination in the 235 program as well as in all other housing. Further, the economic rationale for the dual housing market that exists generally has no application here. All eligible families, minority or majority, are required, by statute, to be in the same income range, and all housing, whether suburban or inner-city, whether new or existing, is required, again by statute, to be within the same cost limitations. Nevertheless, the dual housing market persists in the 235 program—a market which is separate and unequal.

The answer lies in the way in which the program has been administered. Each of the elements involved in the 235 process—real estate brokers, builders, mortgage lenders, interested community groups, Government, and the buyer himself—has played a role in producing the segregated, unequal product.

### The Role of the Buyer

The buyer has played, perhaps, the least important role in determining the patterns of 235 housing that have developed. The typical 235 buyer is inexperienced in the ways of homeownership and often lacks even basic information concerning the requirements for eligibility or the location of housing available for purchase under the 235 program. He must rely on others involved in the 235 process if he is to participate.

### The Role of the Private Housing and Home Finance Industry

Frequently, the buyer's principal contact is with a real estate broker. Real estate brokers have access to listings of houses available for purchase under the 235 program and represent a key source of information for the prospective 235 buyer.

Some real estate brokers have been reluctant to participate in the program because under it, unlike other programs, sellers, whom the broker usually represents, must pay closing costs. Sometimes brokers will sell under 235 only when they have exhausted other possible buyers. Many brokers who do participate in the program lack sufficient information concerning its operation to advise prospective 235 buyers adequately. Others provide only such information as is necessary to complete the sale. Often the broker follows traditional practices and perceptions concerning the nature of the housing market and he steers the 235 buyer to the house and location which he believes is most suitable to the buyer's racial or ethnic background. Usually, the buyer is offered little choice. He is frequently shown one house on a take-it-or-leave-it basis.

Buyers who rely on advertising to learn of opportunities to obtain 235 housing also tend to be guided toward areas where their racial or ethnic origin predominates. For example, in one city visited by Commission staff, ads frequently use terms such as "Anyone" or "Anyone can buy" as a signal to encourage minority families and to warn whites that the housing is intended for minority purchase. Some builders of new suburban 235 housing who are accustomed to a white market decline to advertise at all, recognizing that minority families will have little access to word that the housing exists and is available to them. Other builders who do advertise have used devices which depict only white people, a signal that the subdivision is intended for all-white occupancy.

Mortgage lenders are the key source of information for builders and brokers about the program and are in a position to exert influence over the way the program works. They are also best able to understand the patterns of the 235 housing that are developing. Although they play a more passive role in the 235 process than builders and brokers, they continue to make funds available for 235 mortgages and provide information about the program to brokers and builders, well aware of the segregated pattern of housing that results.

### The Role of Community Groups

A number of community groups are involved in the 235 program through the provision of voluntary counseling services for 235 home seekers. These groups have played a significant role in assisting potential 235 buyers but they sometimes lack sufficient information concerning the program to advise prospective buyers adequately. Sometimes they are denied access to information about the location of new, suburban 235 housing and are unable to inform minority applicants that it is available. Faced with the reality of the dual housing market and the prevalent hostility of the housing business to residential integration, many counselors come to view interracial living as an unrealistic luxury. In the face of the urgent need of the families seeking their guidance, they reluctantly conclude that residential integration is a luxury they must do without.

### Neighborhood Groups

Some of the best housing to which minority buyers are steered is located in "changing" neighborhoods. These are neighborhoods which currently are racially integrated and, in many, the families who live there are making efforts to keep them so. While often firm believers in open occupancy housing, they also believe that additional influxes of lower-income minority families would place such insupportable burdens on municipal services and facilities as to turn their neighborhoods quickly into ghetto slums. Therefore, some of these groups have found themselves in the position of protesting against the provision of 235 housing in their neighborhoods. These neighborhoods, however, represent little more than temporary islands of racial integration surrounded by the harsh reality of a dual housing market. Unless this dual market is eliminated, the efforts of such groups to maintain racially stable neighborhoods can represent only holding actions which are ultimately unlikely to succeed.

### The Role of Welfare Departments

Many 235 buyers are recipients of some form of public assistance and receive counseling from local welfare departments. In the face of the urgent housing needs of many of their clients, welfare officials also tend to view residential integration as an unrealistic luxury and accept the inevitability of segregated housing under the 235 program.

### The Role of FHA

The 235 program offers substantial Federal benefits in the form of mortgage insurance by the Federal Housing Administration (FHA), an arm of the Department of Housing and Urban Development (HUD), and mortgage asistance payments by that agency on behalf of homeowners. In the final analysis, therefore, responsibility for the way in which the program has operated is that of the Federal Government, specifically FHA. This agency, traditionally attuned to serving the housing needs of white, middle class families, has been poorly prepared to serve a different racial and ethnic group of home seekers and has done little to develop affirmative procedures and mechanisms to assure that lower income 235 buyers are treated fairly.

For example, FHA continues to play only a passive role in the operation of the program, disclaiming any responsibility for the quality of housing produced or the impact of the location of 235 housing on racial residential patterns. Although builders and brokers frequently use FHA's name illegally in their advertising, leading unsuspecting buyers to conclude that the agency is prepared to protect their interests, no such protection is afforded. As FHA officials have pointed out, the agency's relationship is with the mortgagee, not with the buyer and although FHA appraises houses under the 235 program, the purpose of the appraisals, as one FHA official explained, is "to assure the moneylender, not the property buyer." Although HUD contends that 47 FHA offices offer counseling services to prospective 235 buyers, Commission staff did not find any FHA employees working full-time as counselors in any of the four metropolitan areas that were surveyed. In some FHA offices, the full extent of counseling offered by FHA officials was to advise prospective 235 buyers to see a real estate broker.

FHA officials, moreover, even though aware of the segregated housing pattern that has developed under the 235 program, have failed to take even minimal steps to change it, despite their legal obligation to do so. FHA and HUD's Office of Equal Opportunity rely mainly on the processing of complaints as the mechanism for discovering and eliminating discriminatory practices. The central office in Washington has failed to provide local FHA offices with instructions for affirmative action aimed at broadening the range of housing choice for minority families. Local FHA officials are reluctant to take such action, in some cases, for fear that the central office would not back them up.

Thus FHA, the agency charged by Congress with responsibility for administering the 235 program, has abdicated its responsibility and, in effect, has delegated it to members of the private housing and home finance industry. In view of the traditional policies and attitudes that have predominated in this industry, the pattern of separate and unequal housing under the 235 program has been inevitable. Until FHA abandons its current passive role and becomes a vigorous champion of the rights of minorities and of lower-income families generally, this pattern is unlikely to change.

## PART I

# INTRODUCTION

**A Nation of Homeowners**

Most American families own their own homes. About 63 percent of the Nation's housing units are owned by the families who occupy them.[1] The Housing and Urban Development Act of 1968 provided, for the first time, a large-scale means by which lower-income families could participate in the benefits of homeownership. They, too, are now eligible to participate in the gains that come to the owner, as opposed to those withheld from the renter.

He gains a tax deduction. In 1968, for example, 16.5 million individual taxpayers itemized deductions for mortgage interest payments amounting to nearly $10 billion. In addition, 23.6 million individual taxpayers itemized deductions for real estate taxes amounting to more than $8 billion.[2] As the National Association of Manufacturers has observed, "Federal tax deductions, in effect, subsidize homeownership."[3]

These subsidies in the form of tax deductions for homeowners are somewhat different from Federal subsidies typically made available to the disadvantaged. First of all, they do not appear to be subsidies in that they are not direct Federal payments to or on behalf of the beneficiary, as are subsidies for lower-income families. The beneficiaries are permitted to pay the Government less in the way of income taxes than they ordinarily would without the deduction. This, however, is a difference only in form, not in substance.

The subsidies tend to be much greater than those provided for the poor. According to one estimate, three and a half times as much in housing subsidies in the form of income tax deductions go to families with middle- or higher-incomes than go to the poor in the form of direct subsidies.[4]

There is one other significant difference that distinguishes housing subsidies through tax deductions from the subsidies afforded disadvantaged people—a difference that is measurable in terms of human dignity. As one commentator has observed:

> This is not one that must be applied for by standing in a line; it is not a subsidy that one must obtain through special institutions, that is available only as long as the authorized and appropriated funds last. It is a cash benefit that carries no stigma or other identification. Such families are not even required to be grateful.[5]

In addition, the homeowner gains a greater financial stake in society through a built-in hedge against inflation. That is, while the debt represented by a home mortgage tends to be reduced through the force of inflation, as well as the monthly payments, the value of the house and the land on which it is located tends to rise.[6]

Another benefit the homeowner gains is space. The median number of rooms in owner-occupied units is 5.5; in renter-occupied units 3.9.[7] The homeowner, moreover, is less likely to live in overcrowded conditions than the renter. Even for families within the same income groups, the number of rooms in owned units is consistently at least 40 percent greater than in rented units. Accordingly to 1960 census data, 14.5 percent of renters in metropolitan areas were overcrowded, while fewer than 8 percent of homeowners were.[8] Renters also are more likely than owners to live in dilapidated housing.[9]

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[1] "U.S. Census of Housing: 1970, U.S. Summary," HC(V–1), at 5, table 2.

[2] Bureau of Internal Revenue Services: Individual Returns, "Deductions and Exemptions," table 2.6, 2.10 (1968).

[3] "Hearings on Housing and Urban Development Legislation of 1970 Before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking and Currency," 91st Cong., second sess., pt. 2 at 1781 (1970).

[4] National Commission on Urban Problems, "Building the American City," 27 (1968).

[5] *Supra* note 3, pt. 1 at 863.

[6] "Hearings on National Housing Goals Before the Subcommittee on Housing of the House Committee on Banking and Currency," 91st Cong., first sess., at 559 (1969).

[7] President's Committee on Urban Housing, Technical Studies, vol. 1 (1968), at 136.

A less tangible benefit provided through homeownership, but one that is at least as important as the economic benefits, is the psychological one. As former President Johnson pointed out:

> Homeownership is a cherished dream and achievement of most Americans. . . . Owning a home can increase responsibility and stake out a man's place in his community. The man who owns a home has something to be proud of and good reason to protect and preserve it.[10]

President Nixon underscored the special psychological benefits that homeownership provides for the poor when he quoted Senator Edward W. Brooke:

> Homeownership can be of far greater benefit to the poor than a mere roof and four walls. Homeownership can be a source of pride and stability, influences that will extend to the homeowner's job and family life.[11]

Homeownership for Americans has not always been as common as it now is. In 1920, for example, only 40 percent of the nonfarm housing units were owned by families who lived in them. The dramatic shift in the percentage of Americans who own their own homes can be attributed to radical changes in home-financing mechanisms—changes in which Federal involvement in housing and home finance has been the key.[12] As this Commission pointed out in 1961: "Largely through governmental facilitation of housing credit we have become, for better or worse, a Nation of homeowners—or, more accurately, of home mortgagors." [13]

## BARRIERS TO HOMEOWNERSHIP

### Economic Barriers

The benefits of homeownership have not been equally available to all groups of Americans. One identifiable group not equitably represented among the Nation's homeowners is lower-income families. As of 1960, for example, while nearly nine out of every 10 families with incomes in excess of $10,000 a year were homeowners, only one of every two American families with annual incomes of $6,000 or less owned their houses. Since 1960, opportunities for families other than the relatively affluent to purchase houses through the ordinary channels of the housing market have worsened. In 1960, the median price of new housing was $16,000, as compared to the median annual income of $6,500. During the decade that followed, median annual income rose appreciably to $8,500 a year, but the median price of new housing, because of such factors as the rising cost of land, site development, construction, and money, skyrocketed to nearly $25,000.

As President Nixon noted in April 1970:

> Nearly half of all American families probably cannot afford to pay much more than $15,000 for a home, yet today the only significant amounts of new housing available in that price range are mobile homes.[14]

### Racial Barriers

Another identifiable group that has been denied the benefits of homeownership is nonwhite families. Whereas 65 percent of white families in the United States are homeowners, only some 42 percent of nonwhite families own their own homes.[15] There are several reasons why nonwhites are underrepresented in the ranks of homeowners. One reason is income. Nonwhites are disproportionately represented among lower-income families. As of 1968, for example, fewer than a third of all nonwhite families earned as much as $8,000 a year. By contrast, nearly three of every five white families were at or above that income level.[16] Forty-five percent of all nonwhite families had annual incomes of less than $5,000.[17]

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[8] U.S. Census of Housing: 1960, Metropolitan Housing, HC(2)-1, tables B-3 and B-13.

[9] U.S. Census of Housing: 1960, U.S. Summary, HC(1), table 9.

[10] Message by President Johnson to Congress, "The Crisis of the Cities," 114, pt. 4, CONG. REC. 3959 (1968).

[11] Statement of Richard M. Nixon, "For High Rise Homes," Oct. 30, 1968.

[12] For example, before Federal intervention in the early 1930's, the prevalent financing vehicle was the short-term, unamortized, low-loan-to-value mortgage. Thus, loans rarely were made for more than 50 percent of the value of the house. They frequently were for periods as short as 5, or even 3, years. Moreover, they were typically "straight" loans, repayable not in equal monthly installments, but in a large lump sum at maturity.

Largely through the intervention of the Federal Government, by such means as Federal Housing Administration mortgage insurance and Veterans Administration loan guaranty programs, as well as through legislation authorizing increased liberalization of conventional mortgage terms for federally insured mortgage lenders, home finance and homeownership now are within the reach of most American families. The typical mortgage now is long term, high loan to value, and fully amortized. The impact of these changes on the nature of home finance can be seen by the fact that while the Nation's population over the last 50 years has doubled, the number of owner-occupied homes being purchased through mortgage finance has increased more than tenfold and the outstanding residential mortgage debt has increased more than thirtyfold.

[13] U.S. Commission on Civil Rights, "Housing," 28 (1961).

[14] Message of the President of the United States: Second Annual Report on National Housing Goals, H.R. Doc. No. 91-292, 91st Cong., second sess., 50 (1970).

[15] *Supra* note 1.

[16] U.S. Department of Labor, BLS Report No. 375, Current Population Reports, Series P-23, No. 29, "The Social and Economic Status of Negroes in the U.S.," 17 (1969).

[17] *Id.*

But poverty is by no means the sole reason why nonwhites are so grossly underrepresented among the Nation's homeowners. For example, a greater percentage of American families with incomes of less than $3,000 a year were homeowners in 1960 than were nonwhites generally. As the following table shows, at every income level nonwhites represent a smaller percentage of homeowners than the overall population.

**Homeownership Within Income Groups (1960)**

| Income groups | All homeowners (percentage) | Nonwhite homeowners (percentage) |
|---|---|---|
| Under $3,000 per year...... | 43 | 33 |
| $3,000 to $6,000 per year... | 50 | 36 |
| Over $6,000 per year....... | 67 | 55 |
| Over $8,000 per year....... | 80 | 67 |

One reason why many minority group members are not homeowners is the unavailability of mortgage money to them. Even those who do own their own homes often have purchased them without benefit of a mortgage. Whereas in 1960, 42 percent of white homeowners had no mortgage on their property, the comparable figure for minority homeowners was 58 percent. Minority buyers who have obtained mortgage financing are more likely to have two or more mortgages, small mortgage amounts, short terms, and high interest rates, as compared with their majority counterparts.[18]

A second reason is that, through the persistence of discriminatory housing practices, minorities have been largely excluded from areas where most houses are being built. Eighty percent of all new housing is built in suburban parts of metropolitan areas, but minorities are confined to the central cities. As the Associate Director of the Bureau of the Census testified in October 1969:

> Nearly three-fourths of the total national growth in the Negro population since 1960 has occurred in the central cities of the metropolitan areas. As a result, 55 percent of the total Negro population now resides in central cities compared with 26 percent of the white population.[19]

The confinement of minorities to central cities has meant that their homeownership has come about chiefly through the "filtering process," by which central city housing, abandoned by families who move to the suburbs, is made available for purchase by those who remain. While some "filtered-down housing" is undoubtedly of good quality and sometimes available at appealing prices, the process has severe limitations. As one study has pointed out:

> One of the limitations of the filtering concept is the fact that the very bottom of the barrel, the broken-down housing which is beneath any reasonable standard of appropriateness, continues to stay on the market.[20]

That confinement of minorities to central cities necessarily restricts their opportunities to obtain decent housing and to become homeowners was documented at a Commission hearing in St. Louis, Mo., in January 1970 which considered housing problems of the black community. There it was found that more than 95 percent of the increase in the housing inventory of the St. Louis metropolitan area since 1960 had taken place in the suburbs, which are nearly all-white. At the same time, the housing inventory in the city of St. Louis, where the great majority of black families live, had decreased by more than 5,000 units. Seventy-six percent of the city's housing had been constructed before 1930. By contrast, less than 30 percent of the housing in suburban St. Louis County was pre-1930. Four of every five homes owned by nonwhite families in the St. Louis metropolitan area had been built before 1940, while fewer than half the homes owned by white families were that old. Only 34 percent of the nonwhite families in the St. Louis area were homeowners in 1960, while more than three of every five families generally, enjoyed the benefits of homeownership.[21]

Thus, the exclusion of nonwhites from suburban areas where the great majority of new housing is being built has meant that they have had little alternative but to live in overcrowded, substandard housing in segregated older neighborhoods. This has been true regardless of income. In 1960, as the National Commission on Urban Problems reported: "Within the poverty category, the proportion of Negroes and other nonwhites in substandard housing was more than twice the proportion among whites." [22] A more recent study found that housing and neighborhood environment conditions are consistently inferior for nonwhites as compared to whites, holding income constant.[23] "In fact," the study found, "nonwhite households with incomes of $8,000 to $9,999 seemed to fare worse than white households with incomes of $2,000 to $3,999." [24]

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[18] U.S. Department of Labor, BLS Report No. 332, "The Social and Economic Status of Negroes in the U.S.," 58 (1967).

[19] "Hearings on the Quality of Urban Life Before the Ad Hoc Subcommittee of the House Committee on Banking and Currency," 91st Cong., first Sess., at 219 (1969).

[20] George Sternlieb, "The Tenement Landlord," 11 (1966).

[21] "Hearing in St. Louis, Mo., Before the U.S. Commission on Civil Rights," exhibit No. 21, 535 (1970).

[22] *Supra* note 4 at 9–10.

### Federal Efforts To Overcome Racial and Economic Barriers

During the decade of the 1960's the Federal Government took increasingly forceful legal steps to end housing discrimination and eliminate race as a factor that determines where people will live. In 1962, President Kennedy issued an Executive order prohibiting discrimination in housing provided under federally assisted programs.[25] Two years later Congress enacted Title VI of the Civil Rights Act of 1964, prohibiting discrimination in the operation of all federally assisted loan and grant programs, including those related to housing.[26] In 1968, Congress acted again by passing a Federal fair housing law, which provides: "It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States." [27] And later that year the Supreme Court of the United States held that a provision of an 1866 civil rights law "bars *all* racial discrimination, private as well as public, in the sale or rental of property." [28]

While these measures have gone far to remove the legal basis for housing discrimination, their effectiveness has been severely undermined by inadequate enforcement.[29]

The Federal effort to deal with the problem of income as a bar to decent housing antedates the advent of fair housing laws by about 25 years. In 1937, Congress enacted the low-rent public housing program providing Federal subsidies in the form of annual contributions to meet the housing needs of those who cannot obtain housing through the ordinary channels of the housing market.[30] For more than two decades, public housing was the only Federal lower income housing program in the country. It remains the principal legislative tool by which the Federal Government seeks to provide housing for the poor. In 1961, a second program was enacted, providing subsidies in the form of below market interest rates. This program, called FHA 221(d)(3), is planned to serve families whose incomes are above those of public housing tenants, but below those necessary to obtain decent housing in the market.[31] in 1965, Congress passed the Rent Supplement Program, providing for assistance payments to landlords on behalf of low-income families.[32] This program serves the same income group as the low-rent public housing program, but utilizes the ordinary channels of the housing market—private sponsors, private builders, and private mortgage lenders—to achieve its purpose. In 1968, Congress enacted a fourth program, called FHA 236, which provides subsidies in the form of interest reduction payments to mortgage lenders on behalf of the landlord to reduce the rents to a level within the means of lower-income families.[33]

These four lower-income housing programs have one important element in common. They all deal mainly with rental housing. Thus, while they afford disadvantaged families the opportunity to live in decent housing, they do not offer the benefits—and particularly the psychological benefits—of homeownership.

In the 1968 legislation, however, Congress turned in a different direction by enacting the first large-scale program of homeownership for lower-income families. This program, called FHA 235, provides subsidies in the form of interest reduction payments to mortgage lenders on behalf of lower-income purchasers to enable them to purchase and own their own homes. It is this program which is the subject of the Commission's report.

### The Section 235 Program

Section 235 does not represent the first Federal program aimed at stimulating homeownership for lower-income families.[34] In fact, the program was patterned after two earlier homeownership efforts, the 221(h) program, enacted in 1966,[35] and a 1967 legislative proposal by Senator Charles H. Percy and Congressman William B. Widnall, calling for a National Home Ownership Foundation. The unique aspect of the 235 program does not lie in the fact that it seeks to make the benefits of homeownership available to lower-income families, but in the scale on which this effort is attempted.[36]

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[23] Anthony Pascal, *The Economics of Housing Segregation*, (1965).

[24] *Id.*

[25] Executive Order 11063, 27 Fed. Reg. 11527 (1962).

[26] Civil Rights Act of 1964, Public Law No. 88-352, H.R. 7152, sec. 601.

[27] Civil Rights Act of 1968, Public Law No. 90-284, H.R. 2516, sec. 801.

[28] *Jones v. Mayer and Co.*, 392 U.S. 409, 413 (1968).

[29] For a detailed discussion of the inadequacies in enforcement of various equal housing opportunity laws, see U.S. Commission on Civil Rights, "The Federal Civil Rights Enforcement Effort," Ch. 3 (1970).

[30] United States Housing Act of 1937, Public Law No. 412, 75th Cong., 50 Stat. 888.

[31] Housing Act of 1961, Public Law No. 87-70, 79 Stat. 149, sec. 221(d)(3).

[32] Housing and Urban Development Act of 1965, Public Law No. 89-117, 79 Stat. 451, sec. 101.

[33] Housing and Urban Development Act of 1968, Public Law No. 90-448, 82 Stat. 476, sec. 201.

[34] For example, a Federal homeownership program, administered by the Farmers Home Administration, has been in existence for many years to serve rural residents. Further, in 1965 a program was established to enable public housing tenants to purchase units they occupy. In 1966, another effort was made to stimulate homeownership for lower income families.

[35] As part of the Demonstration Cities and Metropolitan Development Act of 1966, the 221(h) program was established to provide for the purchase and rehabilitation by nonprofit sponsors of substandard housing, through mortgages insured by the Federal Housing Administration, and subsequent resale to low income families financed by FHA insured mortgages bearing interest rates of from 1 to 3 percent.

For example, the earlier 221(h) program authorized a total of $50 million as the aggregate balance of all mortgages that could be insured under its provisions.[37] By contrast, the 235 program authorizes contracts for asistance payments in the amount of $550 million over a 4-year period.[38]

Under the 235 program, a family whose income does not exceed certain statutory limits may purchase housing that does not cost more than $18,000 (or $21,000 in high-cost areas such as many of the Nation's large urban centers). For families with five or more persons, however, the cost may be $21,000 (or $24,000 in high cost areas).[39]

The purchaser must pay at least 20 percent of his income toward the monthly payments of principal, interest, taxes, insurance, and FHA insurance premium, while the Government pays the rest. In no case, however, is the Government permitted to pay more than the difference between the monthly payments under the mortgage and what the monthly payments would be if the mortgage were at a 1 percent interest rate. In short, the subsidy under the 235 program consists of payments by the Government to mortgage lenders on behalf of lower-income home purchasers which, in effect, reduces the interest rate to as little as 1 percent.

The family must make a minimum down payment of $200 or, in the case of families with incomes under the exceptional limits, 3 percent of the appraised value of the property. The down payment may be applied toward closing costs and items of prepaid expense.[40]

Upper income limits for eligibility are set at 135 percent of the public housing limit in the particular area in which the housing is located.[41] The statute, however, permits as much as 20 percent of the total amount of assistance payments to be made on behalf of families whose incomes are as high as 90 percent of the income limits provided under the FHA 221 (d) (3) program of housing for moderate-income families.[42]

In determining income for purposes of eligibility, $300 is deducted for each minor child who resides with the family.[43] Income of minors is not included.[44] Five percent is deducted for social security withholding and payroll deductions. In addition, unusual or temporary income, such as overtime pay, may be deducted.[45] Thus, maximum income limits for eligibility provide sufficient flexibility to offer the opportunity for those other than low-income families to receive benefits under the program. This presents the possibility of an economic cross section in projects or developments built under the program and potentially avoids the creation of additional isolated pockets of the poor.

If the statute provides for a flexible ceiling for income eligibility, the harsh facts of housing economics place an inflexible floor on it. That is, the maximum subsidy available under the program is limited to an amount which permits a family to purchase a house under a 1 percent interest rate. For the hardcore poor, unless the house is of extremely

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[36] A primary reason for the vastly greater production under the 235 program is the method of subsidy. Whereas sec. 221(h) was a below-interest subsidy program, sec. 235 is an interest subsidy program. Sec. 221(h) had an immediate budgetary impact, while the mortgage loan funds for the 235 program are furnished by the private sector.

[37] Demonstration Cities and Metropolitan Development Act of 1966, Public Law No. 89-754, 80 Stat. 1255, sec. 221(h)(4).

[38] *Supra* note 33, sec. 101, sec. 235(h)(1). Sec. 101 adds to the National Housing Act (Public Law No. 479, 73d Cong., 48 Stat. 1246) a new section 235.

[39] *Id.*, Sec. 235(b)(2).

[40] *Id.*, sec. 235(j)(3)(c). In addition, if the buyer contributes labor in the construction or rehabilitation of his house, or if he owns a lot, the value of the labor and/or the value of the lot may be included in the downpayment. The buyer is not allowed to invest more than his required downpayment if this will put the total mortgage amount over the maximum permissible limit.

[41] *Id.*, sec. 235(h)(2).

[42] *Id.* The following table provides examples of upper income limits for eligiblity for a five-person family under section 235 in representative cities and metropolitan areas:

| | 135 percent of public housing limit | 90 percent of 221(d)(3) limit |
|---|---|---|
| Atlanta, Ga | $6,480 | $7,250 |
| Austin, Tex | 5,400 | 7,550 |
| Boston, Mass | 7,965 | 9,950 |
| Bridgeport, Conn | 7,630 | 9,550 |
| Chicago, Ill | 8,910 | 10,200 |
| Cleveland, Ohio | 8,100 | 9,900 |
| Denver, Colo | 7,155 | 8,350 |
| Little Rock, Ark | 6,615 | 6,950 |
| Memphis, Tenn | 6,480 | 7,500 |
| Milwaukee, Wis | 8,100 | 9,000 |
| Philadelphia, Pa | 5,400 | 8,800 |
| St. Louis, Mo | 6,750 | 9,300 |
| San Diego, Calif | 6,750 | 10,450 |
| San Francisco, Calif | 7,155 | 9,550 |
| Seattle, Wash | 7,695 | 9,200 |

[43] *Supra* note 38, sec. 235(L).

[44] *Id.*

[45] Also, the family may not have assets exceeding $2,000 (or $5,000 if the applicant is 62 years or older). The family may hold, over the $2,000, $500 for each dependent and an amount equal to their share of the mortgage payment for 1 year.

low cost, the subsidy often is not deep enough to be of help. Thus, families who are truly of low-income tend to be effectively excluded from the program.

The unit may be a new or rehabilitated house, a unit in a condominium or cooperative, or a rehabilitated two-family dwelling.[46] Existing housing is eligible under the program for the following categories of families:

1. Families displaced by urban renewal or other government action or by a major disaster;
2. Families moving from low-rent public housing;
3. Families that include five or more minor children.

Further, Congress provided that part of the total amount of assistance payments under 235 could be used for existing housing generally, even if the purchaser does not fall within one of the categories noted above.[47]

In the original legislation, 25 percent of the funds for assistance payments would be used for existing housing in fiscal year 1969, 15 percent in fiscal year 1970, and 10 percent in fiscal year 1971.[48]

According to Secretary Romney, the existing housing portion of the program was then to be eliminated except for the special exception categories:

> As originally enacted in 1968, the 235 homeownership program authorized the temporary eligibility of existing housing for assistance on a declining scale—25 percent . . . ; 15 percent . . . ; 10 percent . . . ; and nothing thereafter.[49]

However, in 1969, numerous groups testified before congressional committees advocating an increase in the amount of funds to be used for existing 235 housing.[50]

In 1969, Congress authorized 30 percent of 235 assistance funds to be used for existing housing for fiscal years 1970 and 1971.[51] In 1970, Congress extended the 30 percent figure to fiscal year 1972 and added that at least 10 percent of the total amount of contracts for 235 assistance payments be used only for substantially rehabilitated houses.[52]

Section 235 supersedes the 221(h) program and provides for insurance on mortgages executed by nonprofit groups or public bodies or agencies to finance deteriorating or substandard housing for subsequent resale to lower income home purchasers. (Section 235 (j).)[53]

Congress also authorized the Secretary of HUD to provide counseling services to 235 buyers or to contract with public or private organizations to provide such services, to assist the many families eligible under the program who lack experience in home ownership to meet their new responsibilities successfully.[54] And Congress directed that a preference be accorded to families whose incomes are within the lowest practicable limits for achieving homeownership.[55]

### Differences Between Section 235 and Other Lower-Income Housing Programs

In several respects, the 235 program represents a sharp departure from other programs directed toward the housing needs of lower-income families. The most obvious difference, as noted earlier, is that while other lower-income housing programs—low-rent public housing, FHA 221(d)(3), rent supplements, and section 236—all are mainly concerned with the provision of rental housing, 235 is exclusively designed to provide opportunities for homeownership.

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[46] *Supra* note 38, sec. 235(i)(3)(a).

[47] *Id.*, sec. 235(h)(3).

[48] *Id.*

[49] "Hearings on Housing and Urban Development Legislation—1970 Before the Housing Subcommittee of the House Banking and Currency Committee," 91st Cong., second session, 177 (1970).

[50] For example, a member of the Board of Governors of the Federal Reserve System testified:

"By far the cheapest and most efficient housing available to us is likely to come form the existing stock. I am not clear as to why under section 235 loans are primarily restricted to new housing . . . This appears to me part of the neglect of the existing stock."

*Supra* note 6, at 244.

A representative of the National Association of Real Estate Boards stated: "Hearings on Housing and Urban Development Legislation—1969 Before the Housing Subcommittee of the House Banking and Currency Commission," 91st. Cong., first session, at 325 (1969).

"We believe that it was unfortunate to limit the eligibility of existing units for mortgage insurance under this program. . . . The primary objective of section 235 is to assist low-income families to become homeowners, an objectve which would be better served if existing structures were eligible for interest subsidies. Without this change in the section 235 program, low-income families after July 1, 1972, would be denied the benefits of this homeownership assistance program in the acquisition of an existing dwellings."

And the National Housing Conference passed a resolution in March 1969 recommending that 25 percent of assistance funds should be made available for existing housing in 1970 and 1971, stating:

"Besides enabling the homeownership program to have a greater immediate impact, this amendment would afford a greater opportunity for freedom of choice among lower income families in selecting the areas in which they desire to live."

*Supra* note 6 at 221.

[51] Housing and Urban Development Act of 1969, Public Law 91-152, 91st Cong., first session, sec. 109(2)(B).

A Committee Report of the House Committee on Banking and Currency explained:

"While the section 235 program is primarily intended to stimulate the production of new or rehabilitated units, its limited application to existing housing has given the 235 program flexibility and should be continued at approximately the same level for the full 3 years until more experience has developed with respect to the program."

[52] In fact, HUD set an administrative limit of 10 percent on the amount of 235 funds to be used for existing housing in the spring of 1970.

[53] The 235 program provides for the Secretary of the Department of Housing and Urban Development to allocate and transfer to the Secretary of Agriculture a reasonable portion of the total authority to contract to make assistance payments. The Secretary of Agriculture administers the 235 program in rural areas and communities of 5,500 population or less.

[54] *Supra* note 33, sec. 101(e).

[55] *Supra* note 38, sec. 235(h)(1). The Internal Revenue Service has ruled that a 235 home buyer need not report the amount of his mortgage subsidy as income and that he may deduct the total amount of interest paid on his mortgage loan from his income tax.

A second major difference involves income limits for eligibility. Three of the four rental housing programs—low-rent public housing, FHA 221(d)(3), and rent supplements—all carry narrow income limits.[56] Section 235, in which income limits for eligibility overlap those for public housing and 221(d)(3), carries sufficiently flexible income limits for eligibility to offer the potential for encouraging economic integration and for avoiding the many problems that result from concentrating the poor in enclaves apart from the social and economic mainstream of the community.[57]

A third difference is that section 235, unlike most of the rental housing programs, makes extensive use of existing housing.[58] This, too, provides the section 235 program with a flexibility not possible in these housing programs. That is, if existing housing is eligible under the program, then, theoretically, eligible families may choose the housing they wish to purchase in the area in which they wish to live, rather than be forced to purchase newly constructed housing in areas where builders have chosen to build. Thus, extensive use of existing housing under the program has the potential effect of broadening the range of housing choice for lower-income families and affording them something resembling the freedom of residence that has been the prerogative of more affluent families.

One final difference is that the 235 program, unlike most of the rental housing programs, is free to operate anywhere, without regard to the desires of particular communities. Until 1969, low-rent public housing, FHA 221(d)(3), and rent supplements all operated under statutory provisions which gave suburban communities an effective veto power through the requirement that communities must adopt a "workable program for community improvement" before these programs could operate within their borders.[59] Hence, communities could effectively exclude lower-income housing by the simple expedient of failing to adopt a "workable program". Section 235, by contrast, operates free of such local government veto power, restricted only by zoning and other land use requirements imposed by local law.[60]

### Expectations for the 235 Program

The great potential of the 235 program was recognized from the outset and the legislation authorizing the new program received support from a variety of groups, representing business as well as social welfare concerns. Some saw the program as a key to upgrading property.[61] Others saw it as a means of enabling the poor to go where the jobs are.[62] The 235 program also was viewed as providing poor families with a legitimate stake in society through home ownership [63] and as offering American families choices in selecting the type of housing in which they desire to live.[64] And the program was endorsed as a vital element in facilitating the flow of private investment funds into FHA mortgage programs.[65]

Supporters of the new 235 program saw another potential benefit in it: the expectation that this program would aid the minority citizen. The 1968 Housing and Urban Development Act was passed on August 1, 1968, during a time when majority Americans were becoming publicly conscious of the injustices suffered by black Americans. In the spring of 1968, the National Advisory Commission on Civil Disorders had issued its report stating that inadequate housing was a deep grievance of the first level of intensity[66] in the 20 riot cities studied by the Commission. And in April of 1968, Congress had passed the first national fair housing law, Title VIII of the Civil Rights Act of 1968.

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[56] *Supra* note 30, sec. 2(2). Public housing and rent supplements both are aimed at families "who are in the lowest income group." Thus the income ceiling for these two programs is such as to render ineligible all but those families who are poor. FHA 221(d)(3) is aimed at serving low- and moderate-income families or displaced families, but because the program operates at a 3 percent interest rate, it can serve only a relatively narrow range of moderate-income families. Sec. 236, by contrast, can serve the same relatively broad range of families as sec. 235.

[57] The leased housing provision of the public housing program also has potential for encouraging economic integration.

[58] Low-rent public housing, while it emphasizes new construction, also provides for extensive use of existing housing under the sec. 23 leased housing program (added to the Housing Act of 1937, *supra* note 30, by sec. 302(b), Housing Act of 1961, *supra* note 31).

[59] The "workable program" requirement is traditionally associated with the urban renewal program, but makes little rational sense as a condition for providing housing for lower income families. In 1969, this requirement was eliminated with respect to low-rent public housing and FHA 221(d)(3), but remains a condition for rent supplements by virtue of provisions which consistently have been included in annual appropriations legislation.

[60] Section 236, a companion program to 235, which provides rental housing for lower income families, is also free from the "workable program" requirement.

[61] Hearings on Housing and Urban Development Legislation and Urban Insurance—1968 Before the Housing Subcommittee of the House Banking and Currency Committee, 90th Cong., 2nd session, pt. 2, at 1350 (1968).

[62] Letter to Senator John J. Sparkman from the Reverend G. H. Woodard, Jr., executive counsel of the Episcopal Church, New York, N.Y., Mar. 11, 1968.

[63] *Id.*

[64] Report of the Senate Committee on Banking and Currency, S. Rep. No. 1123, 90th Cong., second session, 5 (1968).

[65] Letter to Senator Sparkman from Arnold Freeman, director of Economic Analysis, American Life Convention, and Ralph McNair, vice president, Life Insurance Association of America, Apr. 1, 1968.

Witness after witness appeared before congressional committees to express their support for the new homeownership program as a vitally needed answer to the housing problems of black Americans and as a means of relieving a principal cause of racial unrest.[67] Congress, itself, expressed the expectation that the 235 program would be of special benefit to minority group families. In fact, in 1968 nearly three of every five nonwhite families had incomes ($3,000–$10,000) that fell within the range of eligibility for participation in the 235 program.[68] As Senator Percy, whose earlier proposal for a National Home Ownership Foundation had been a prototype for the 235 program, put it:

> We can democratize our cities. We can give people of the ghetto a piece of the action—let them be somebody and have something.[69]

### Achievements of the 235 Program

The 235 program relies on the private housing and home finance industry—private builders, private lenders, and private brokers—for its success. The private sector responded to the new homeownership program with immediate enthusiasm.[70] In January 1969, 3 months after the first appropriations had been made for the program, President Johnson said:

> There are signs that the 235 program may well be the most rapidly accepted program for low- and moderate-income families. There is tremendous interest in it on the part of industry and the lenders.[71]

In fact, the initial $25 million in contract authority which Congress appropriated in October 1968 was rapidly exhausted—in some HUD regional offices, funds were fully committed as early as January 1969.[72] Moreover, an impressive amount of housing was provided under the program within a short time after its enactment. By May 1969, 9 months after the program was established and less than 7 months after funds initially were made available, 3,000 units had already been purchased and occupied by lower-income families. An additional 7,500 units had received FHA commitments and 57,000 units were in process. HUD reported that FHA was receiving applications under the program at the rate of 2,000 to 3,000 units a week.[73]

By the end of 1969, more than 25,000 units had been purchased under the 235 program.[74] By the end of 1970, this figure had risen to more than 130,000. Thus the 235 program, barely 2 years old, already had accounted for well over one-tenth the number of low-income units that the low-rent public housing program had produced in more than 30 years of existence.[75]

The birth of the 235 program occurred during a period of inflation and low productivity for the housing industry in general. In fact, housing production has declined sharply and over the last 4 years the volume of housing produced has been more than 1 million units short of the number necessary to keep pace with the Nation's growing population.[76] The 235 program has been responsible for a substantial proportion of all new lower-cost housing produced. In 1969, for example, there were only 112,000 new houses that sold for less than $20,000.[77] Some 10 percent of these were purchased under the 235 program. Section 235 accounted for an even larger portion of lower priced housing in 1970. During that year, 256,000 new dwellings sold for less than $25,000,[78] of which more than 77,000 (30 percent) were purchased under the 235 program.[79]

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[66] The Commission on Civil Disorders divided major grievances into three levels of intensity. Housing was one of three grievances in the first level.

[67] See, e.g., testimony of Hon. James H. J. Tate, Mayor of Philadelphia, *supra* note 61, pt. 1 at 230; testimony of Q. V. Williamson, president, National Association of Real Estate Brokers, Id. at 666; testimony of Henry G. Parks, Jr., chairman, Housing Committee, National Urban League, *Id.* pt. 2 at 1235; testimony of Nathaniel Keith, chairman, National Housing Conference, "Hearings on Housing and Urban Development Legislation of 1968 Before the Housing and Urban Affairs Subcommittee of the Senate Committee on Banking and Currency" 90th Cong., second session at 831 (1968).

[68] *Supra* note 16 at 16.

[69] *Supra* note 64 at 210.

[70] The response was not as great in rural areas. According to Hon. James V. Smith, Administrator of Farmers Home Administration, as of May 17, 1969, only 144 commitments had been made on sec. 235 mortgages by Farmers Home. He blamed this on the unavailability of interested lenders and the income limits of the areas covered. However, production has increased under other programs administered by Farmers Home Administration and, as of June 1970, FHA's production had gone from 3,000 units a year in 1949 to 50,000 units in 1969, and was estimated to reach 90,000 in 1970.

[71] First Annual Report on National Housing Goals, Jan. 23, 1969, Housing Document No. 91-63 at 25.

[72] *Supra* note 6 at 5.

[73] *Id.* 28-30.

[74] Forty-three percent were new or rehabilitated units and 57 percent were existing houses. Interview with Lloyd Lyons, Office of Deputy Under Secretary, HUD, Nov. 6, 1970.

[75] *Id.* The rehabilitation aspect of the 235 program has lagged far behind the new or existing unit aspect. As of November 1970, only 24 projects, consisting of 163 rehabilitated units, had been insured under the program.

[76] *Supra* note 14 at 50.

[77] Department of Commerce, "Characteristics of New One-Family Homes," see 25-69-13, 66 (1969).

[78] U.S. Department of Commerce, "Sales of New One-Family Homes, Third Quarter of 1969 through Third Quarter of 1970," 9 (December 1970). Fourth quarter estimate by Mr. Mittendorf, U.S. Bureau of the Census.

[79] Information obtained from Statistical Division, FHA, "New 235 and 335 Insurance Written," Cumulative, December 1970.

In fact, the 235 program has been a major support for the private housing and home finance industry during a trying period. One builder reported to a congressional committee: "You take away 235 and 236 and we are not even existing." [80] As the Mortgage Bankers Association put it: "The Federal Government's assistance to housing through the subsidized programs of section 235 and 236 has been a major sustaining force of the housing industry." [81]

While the volume of housing produced under the 235 program has been impressive, not all regions of the country have shared equally in it. As early as October 1969, the National Association of Housing and Redevelopment Officials noted:

> . . . 235 is not making the penetration it was expected to in the densely populated Northeasten and mid-Atlantic States, where the need for more standard low-income housing is considered the most critical. These are also regions of the country where land and construction costs are the highest and where competition for available investment funds are considered greatest.[82]

This trend has continued. As of the end of 1970, more than half the new 235 units and more than a third of the existing 235 units were located in Southern and border States. Nearly half of all 235 houses have been located in this part of the country. By contrast, only 6 percent of all 235 units and 3 percent of the new units were located in the northeastern region, which includes the States of Connecticut, Maine, Massachusetts, New Hampshire, Vermont, Rhode Island, Pennsylvania, Delaware, Maryland, New Jersey, West Virginia, the District of Columbia, and New York.[83]

### Unanswered Questions

In addition to data on the geographic location of 235 housing, HUD maintains statistics which describe the typical 235 buyer. In 1969, he had a median income of $5,579 a year and purchased a house with a median sales price of $14,957.[84] In the third quarter of 1970, the median income of the 235 buyer had risen to $6,083 a year and the median sales price had jumped to $17,004. The median age of the head of the family was 30 and about 25 percent of the families were headed by a woman. The median monthly subsidy was $75 and the typical family was composed of four persons.[85]

The data HUD collect concerning the typical 235 buyer and the location of 235 housing are useful, buy they are inadequate to determine with any precision how well the program is working. For example, with all the information about the typical 235 buyer, no statistics are available concerning the race or ethnic origin of those who participate. Data on location of 233 housing do not include information on suburban versus central city location. In fact, there is very little way of judging the exact extent to which the program is fulfilling the expectations of its many supporters and of Congress.

In its 1968 testimony before the Subcommittee on Housing of the House Committee on Banking and Currency, this Commission emphasized the importance of several key questions concerning the proposed new 235 program:

> Where will these units be provided, who will occupy them, and what will be the effect . . . in determining the nature of our society and of race relations for the future? [86]

In 1969 testimony before the same Subcommittee, this Commission's Chairman promised that the Commission would try to answer some of these questions. During the summer of 1970, Commission staff members visited the four metropolitan areas to examine the operation of the 225 program. The following chapters explain what was found.

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[80] *Supra* note 49 at 800.

[81] "The Mortgage Banker," Sept. 10, 1970, at 47.

[82] "Journal of Housing," No. 6, 282 (June 1969).

[83] For a list of FHA insuring offices ranked by the number of 235 mortgages issued as of the end of 1970, see appendix A.

[84] *Supra* note 3, pt. I, table I, at 271.

[85] "Characteristics of Home Mortgage Transactions Insured by FHA under Section 235(i)," Third Quarter, 1970, Department of HUD Housing Production and Mortgage Credit, FHA Division of Research and Statistics, Statistics Branch, Nov. 18, 1970, table 1.

[86] *Supra* note 61 at 883.

## PART II

# EXPERIENCE IN FOUR METROPOLITAN AREAS

In conducting its investigation of the operation of the 235 program, the Commission recognized the existence of a number of factors which qualify any conclusions that might be drawn.

First, since the 235 program is comparatively new and in an early stage of development, it is by no means certain that the way the program has operated thus far is the way it will operate in the future.

Second, in the few years since the program's establishment, its emphasis has changed to a large extent. At the outset, the great majority of units sold under the program consisted of existing houses. More recently, however, the proportion of new units provided under the program has steadily increased. As of the end of 1970, nearly 70 percent of all 235 units were new houses.

Third, since little data concerning the impact of the 235 program, such as the location and race of 235 buyers, are available, it has been impossible to evaluate the program on a nationwide and comprehensive basis. Rather, the Commission has had to rely mainly on material gathered through its own staff investigations. While the number of houses and buyers surveyed by Commission staff is substantial, it represents only a relatively small percentage of the houses and buyers that have been involved in the 235 program throughout the country. This, too, makes it impossible to draw precise conclusions regarding the nationwide operation of the program.

The Commission was convinced, however, that the potential importance of the program warranted the study at this early time. To obtain as comprehensive a picture as possible of the impact of the 235 program, the Commission decided to examine its operation under as many varying circumstances as possible.

Four metropolitan areas were selected for field investigations—Denver, Colo.; Philadelphia, Pa.; St. Louis, Mo.; and Little Rock, Ark. The areas were selected not on the basis of the number of 235 units being provided there, but because they represented diversity of size, geographical location, racial and ethnic composition, and extent and kind of housing provided under the 235 program. In each case, staff surveys were combined with extensive interviews with local officials and others involved in the program, for the purpose of determining overall patterns in the operation of the program.

The diverse natures of the metropolitan areas selected for investigation provides the Commission with a basis for concluding that the patterns found are not atypical. Further, as the following chapters demonstrate, the same patterns were found in each of the four metropolitan areas. This strongly suggests that the experience of the 235 program in these four areas is an indication of the impact the program is having nationwide.

The northeastern city of Philadelphia, together with its suburbs, forms the largest metropolitan area in the survey.[1] The current population of nearly 4,000,000 is about evenly divided between the city of Philadelphia and the surrounding jurisdictions.[2] As of 1970, 19.7 percent of the Philadelphia metropolitan area was black and 91 percent of that black population lived in the inner-cities of Philadelphia and Chester.[3] Seventy percent of the white families and 48 percent of the black families were homeowners.[4] Although Philadelphia has the largest population of any area visited by Commission staff, it has produced the smallest number of new section 235 houses. As of December 31, 1970, only 11 new houses had been provided under the 235 program in the Philadelphia area. At the same time a total of

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[1] The Philadelphia Standard Metropolitan Statistical Area includes the three New Jersey counties of Camden, Burlington, and Gloucester as well as the Pennsylvania Counties of Philadelphia, Bucks, Montgomery, Delaware, and Chester. The New Jersey Counties are served by an FHA Insuring Office located in Camden, N.J., and the Pennsylvania counties are served by an FHA Office located in Philadelphia. All sample cases were taken from the Philadelphia Insuring Office files.

[2] "U.S. Census of Population: 1970, General Population Characteristics, Pennsylvania." PC (V2)–40.

[3] *Id.*, The Philadelphia metropolitan area includes the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia.

[4] "U.S. Census of Housing: 1970, General Housing Characteristics, Pennsylvania." HC (V1)–40.

834 existing 235 houses had been purchased and occupied. (See appendices A and B.)

The second largest metropolitan area selected is St. Louis in the Midwest.[5] The current population of the area is 1.6 million, with 61 percent of the population located in the fast-growing suburbs of St. Louis County.[6] Forty-one percent of the city population and 4.7 percent of the county population are black.[7] As of 1970, 66 percent of the white families in the metropolitan area were homeowners. Thirty-seven percent of black families were in the same category.[8] A total of 990 section 235 mortgages had been insured in the St. Louis area [9] as of December 31, 1970. Seventy-five percent of the mortgages were on existing houses. (See appendices A and B.)

The western metropolis of Denver, Colo., with a current population of 1.1 million, is the third largest area selected. Forty-six percent of the population lives in the city of Denver with the remainder distributed in Adams, Arapahoe, and Jefferson Counties.[10] Current estimates are that 4.6 percent of the area's population is black and 7.4 percent is Mexican American. Between 9 and 10 percent of the city population is black and 11 percent is estimated to be Mexican American. Overall owner-occupancy in the metropolitan area is 62 percent, while approximately 41 percent of black families and 47 percent of Mexican American families are homeowners.[11] Of the four metropolitan areas surveyed, Denver was the largest producer of 235 houses. Approximately 70 percent of Colorado's 3,555 section 235 units are located in Denver.[12] Sixty-seven percent of the State total are newly constructed or rehabilitated houses. (See appendices A and B.)

The fourth area visited was Little Rock, Ark., a southern metropolitan area with a population of approximately 287,000.[13] Twenty-one percent of the area's population [14] is black.[15] Sixty-five percent of the area's white families are homeowners, and 54 percent of the black families own homes.[16] Little Rock was the second largest producer of new 235 houses in the survey. As of December 31, 1970, the Little Rock FHA Insuring Office had insured 1,993 section 235 mortgages throughout the State of Arkansas, 85 percent of which were on newly constructed or rehabilitated houses.[17] (See appendices A and B.) Approximately 40 percent of the Arkansas 235 houses are located in the Little Rock metropolitan area.[18]

Beginning with St. Louis, which was studied in preparation for this Commission's Hearing in January 1970, Commission staff selected 286 cases for examination as a sampling of section 235 cases from each metropolitan area. For St. Louis, 79 cases were examined, all involving mortgages insured during the months of July, August, September, and October of 1969. The 61 cases selected in Philadelphia were drawn from an 11-month period beginning in April 1969 and ending in February 1970.[19] The 64 cases selected in Denver were drawn from a 9-month period beginning in August 1969 and ending in April 1970. The largest sample was drawn from Little Rock, the last area visited. The 82 cases covered a 19-month period beginning in December 1968 and ending in June 1970. More than half the houses had mortgages insured in 1970.[20]

Following an examination of the case files in Washington, field visits were made to each of the four metropolitan areas. Of the total sample of

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[5] The St. Louis Standard Metropolitan Statistical Area includes St. Louis, Jefferson, and St. Charles Counties, Missouri, Madison, and St. Claire Counties, Ill. The Illinois counties are served by an FHA Insuring Office located in Springfield, Ill. The Missouri Counties are served by an FHA Insuring Office located in St. Louis. All sample cases were taken from the St. Louis Insuring Office files and only included houses located in St. Louis City or St. Louis County.

[6] *Supra* note 2, "Missouri," PC (V2)-27.

[7] *Id.*

[8] *Supra* note 4, "Missouri," HC (V1)-27.

[9] The St. Louis FHA Insuring Office services the eastern half of the State of Missouri. FHA statistics are available by insuring office only and are not broken down by city within the insuring office area.

[10] *Supra* note 2, "Colorado," PC (V2)-7.

[11] Overall statistics and those for blacks are from *Id.*, and *supra* note 3, "Colorado," HC (V1)-7. No similar census statistics are available for Mexican Americans; consequently those statistics are from "County Profiles-Denver SMSA," prepared by the metropolitan Department of Research and Planning, appendix tables I and II (June 1969).

[12] The Denver FHA Insuring Offices services the entire State of Colorado. FHA statistics are available by Insuring Office only and are not broken down by city within the Insuring Office area.

[13] *Supra* note 2, "Arkansas," PC (V2)-5.

[14] Includes Little Rock and North Little Rock and the remainder of Pulaski County, Ark.

[15] *Supra* note 13.

[16] *Supra* note 4, "Arkansas," HC (V1)-5.

[17] The Little Rock FHA Insuring Office services the State of Arkansas. FHA statistics are available by Insuring Office only and are not broken down by city within the Insuring Office area.

[18] Interview, Little Rock FHA Office, Sept. 14, 1970.

[19] At the time the sample cases were selected in Philadelphia and St. Louis, no new houses had yet been purchased under sec. 235 in those areas.

[20] Table is as follows:

**TABLE A.—SECTION 235 BUYERS IN SAMPLE**

| Metropolitan area | New houses | Existing houses |
|---|---|---|
| St. Louis | 0 | 79 |
| Philadelphia | 0 | 61 |
| Denver | 27 | 37 |
| Little Rock | 64 | 18 |
| Total | 91 | 195 |

286 houses, 214 were surveyed and buyers were identified as members of a majority or minority group.[21] The field visits revealed an immediately identifiable racial and ethnic pattern among 235 buyers.

In Philadelphia and St. Louis, the 235 buyers were predominantly minority group members. In fact, only five of the 54 St. Louis buyers surveyed and only three of the 31 Philadelphia buyers surveyed, were white.* In St. Louis, the remaining buyers were black. In Philadelphia, four of the buyers surveyed were Puerto Rican and the remainder were black. In terms of the comparatively few 235 units provided in St. Louis and Philadelphia, it would appear that minority group members were getting more than their proportionate share.

In Denver and Little Rock, which together had more than three times as many 235 buyers as St. Louis and Philadelphia combined, the majority of 235 purchasers were not members of a single minority group. In Little Rock, where all 82 of the purchasers were surveyed, 63 of the buyers were white, and the remaining 19 were black. In Denver, where 47 (including all of the buyers located within the city limits of Denver) of the purchasers were surveyed, 23, or nearly half, of the buyers were white, 14 of the buyers were of Mexican American or Spanish descent, and 10 of the buyers were black.[22]

The figures showing racial participation in the 235 program, taken by themselves, suggest that the program is indeed contributing substantially to meeting the housing needs of minority group families. Overall, the Commission's survey revealed that 102 of the total of 214 buyers surveyed were black, as compared with 94 white buyers. In addition, four were Puerto Rican, and 14 were of Mexican American or Spanish descent.

The overall figures on racial and ethnic participation alone, however, are not adequate indicators of the success of the program. For example, they do not reveal the location or type of housing which is being purchased by various racial and ethnic groups. These factors—location and type of housing—are of particular significance in determining the racial and ethnic impact of the 235 program.

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*The term "white" is used in the report to refer to Caucasians who are not of Puerto Rican, Mexican, or Spanish descent.

[21] The surveys consisted of locating the houses and identifying the race of the buyers. Not all buyers were interviewed. In little Rock, all 82 families in the sample were surveyed (100 percent.) In Denver, 47 of the 64 families in the sample were surveyed (73 percent). In St. Louis and Philadelphia FHA officials estimated that 75–85 percent of the 235 houses in those areas were being purchased by minority families, so in these cities, fewer buyers were surveyed—50 percent in Philadelphia and 68 percent in St. Louis. Care was taken, however, to survey buyers in different neighborhoods in these areas. Fifty-two of the St. Louis 235 buyers contained in the sample were interviewed by student volunteers in cooperation with the St. Louis Legal Aid Society and Freedom of Residence, a St. Louis fair housing organization.

[22] See the following table:

TABLE B.—SECTION 235 BUYERS SURVEYED

| Metropolitan area | White | Black | Spanish surname | Total |
|---|---|---|---|---|
| St. Louis | 5 | 49 | .......... | 54 |
| Philadelphia | 3 | 24 | 4 | 31 |
| Denver | 23 | 10 | 14 | 47 |
| Little Rock | 63 | 19 | .......... | 82 |

## CHAPTER I

# RACIAL AND ETHNIC DISTRIBUTION

Despite the differences among the four metropolitan areas surveyed, the location patterns of 235 buyers were strikingly similar. In all four areas, black families were overwhelmingly segregated. All but three of the 102 black 235 buyers purchased existing houses, most of them located in all-black or racially "changing" neighborhoods in the central city.[23] Three-fourths of the black buyers surveyed were located in central city areas. In Philadelphia, the four Puerto Rican buyers were also housed in the central city, all in "changing" neighborhoods.[24] By contrast, white families were concentrated in suburban areas and in newly constructed houses. More than three of every four white buyers in the survey purchased new 235 houses and nearly nine of every 10 white buyers located in suburban areas.

## SUBURBS VERSUS CENTRAL CITY

### New Construction

The majority of new 235 houses are located in suburban areas. This is because vacant land is scarce in central cities and land prices tend to be higher in cities than in suburbs.[25]

The concentration of new 235 houses in suburbia was anticipated. As early as January 1969, President Johnson said in his message on National Housing Goals:

> As opposed to the other subsidized programs, the great bulk of the 7,200 units of new construction under sec. 235 is expected to take place in outlying suburban areas where land problems should not be too severe.[26]

The total Commission sampling of 286 section 235 cases included 91 newly constructed houses—27 in Denver and 64 in Little Rock. All but two new houses, both in Little Rock, were constructed in suburban areas.[27]

With the exception of three black buyers in Little Rock and six Spanish surnamed buyers in Denver, all purchasers of new 235 houses were white. The six new Denver houses purchased by Spanish surnamed buyers were located in a large suburban development. Anglo* purchasers of new 235 houses also located in this development.[28]

Two of the three new houses purchased by black buyers in Little Rock were located in the central city. These were the only new central city houses in the total sample. One house was built on a lot in a predominantly black area containing some aging and deteriorating houses.[29] The other was built in a predominantly black urban renewal area in North Little Rock. By contrast, all new 235 houses purchased by white Little Rock buyers were located in subdivisions outside or on the fringes of the city.[30]

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[23] Some black purchasers of new 235 houses were interviewed in St. Louis. However, these buyers were not part of the sample as they purchased houses after the sample was selected. They were interviewed because of problems they were encountering.

[24] Spanish surname families in Denver were not rigidly segregated as were black families, and some of these families did purchase new 235 houses. However, there was a noticeable concentration of Spanish surname 235 buyers in the western half of the city.

[25] The President's Committee on Urban Housing found that "within any given metropolitan area, the cost of land tends to rise as one moves toward the center of the city." The President's Committee on Urban Housing, "A Decent Home," 141 (1968).

*The term Anglo is used here, as it is used throughout the Southwest, to refer to white persons who are not of Mexican American or Spanish descent.

[26] Message from the President of the United States, "First Annual Report on National Housing Goals," H.R. Doc. No. 91-63, 91st. Cong., first session, 44 (1969).

[27] The two exceptions were located in Little Rock, one is in an urban renewal area in North Little Rock, and the other in a residential area in Little Rock. Nineteen of the 27 new houses in Denver were located in a development which is east of the Denver airport (Stapleton International Airport). The remainder wese located in Arvada, Aurora, and in northern sections of Adams County, Colo.

Of the 62 new suburban 235 houses in the Little Rock area, 60 percent were located in subdivisions southwest of Little Rock. More than a fourth were located in subdivisions north of North Little Rock. The other new suburban houses were located on the western edge of Little Rock (3) and the eastern edge of North Little Rock. (4). The one remaining new suburban house was located in a semirural area northeast of North Little Rock.

[28] Although the Denver sample of new home buyers included no black purchasers of new houses, Commission staff observed some black families residing in the development where the surveyed new houses were located. It is not known if any of these families purchased their houses with sec. 235 assistance.

[29] Information furnished by Ozell Sutton, Community Relations Service, Department of Justice, Little Rock, Ark., letter dated Oct. 15, 1970.

### Existing Houses

More than seven of every 10 existing houses in the Commission's total sample were located in central cities. There were only two suburban existing houses in the total sample of 61 section 235 cases in Philadelphia.[31] Fifty-five houses were located in the city of Philadelphia itself, and four houses in the central city of Chester, Pennsylvania. Of the 18 existing houses in the Little Rock sample, only two were located in the suburbs.[32] In Denver, 13 of the 37 existing 235 houses were located in the suburbs.[33] Nearly half the existing houses in the St. Louis sample, however, were located in suburban St. Louis County. The remaining houses were located in the city of St. Louis.[34]

In Philadelphia and Denver, all six of the suburban buyers of existing houses who were surveyed were white. In Little Rock, one of the suburban existing home buyers was white and the other was black. In St. Louis, however, 23 of the 26 existing suburban houses surveyed were purchased by black buyers. The remaining three St. Louis buyers were white.

Most central city buyers of existing housing were minority group families. In Philadelphia, only one central city purchaser surveyed was white. The remaining central city purchasers surveyed were 24 black families and four Puerto Rican families. In Little Rock as well, only one central city existing house purchaser was white. The remaining purchasers of existing central city houses were black. In St. Louis, two of the 28 central city existing home buyers surveyed were white, the remaining buyers were black. In Denver, central city existing house purchasers were nearly equally distributed between black (10), Spanish Surname (8) and Anglo (10) buyers.[35]

### Racial Characteristics of Neighborhoods

As the previous sections have shown, two distinct buying patterns emerged for the white and minority 235 buyers surveyed. Most minority buyers were purchasing existing houses in inner-city areas. Most white buyers were purchasing new houses in suburban areas. There is a third buying pattern that also divided along racial lines. Whereas white 235 buyers purchased houses throughout the metropolitan area, minority 235 buyers, whether in the central city or in suburbs, tended to cluster in two types of areas—predominantly black ghetto neighborhoods, and "changing" neighborhoods.[36] This pattern was found in each metropolitan area visited—regardless of size, racial composition, or area of the country.

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[30] See the following table:

TABLE C.—DISTRIBUTION OF SURVEYED NEW HOUSES BY RACE AND ETHNIC GROUP

| | Central City | | |
|---|---|---|---|
| | Black | White | Spanish surname |
| Denver | 0 | 0 | 0 |
| Little Rock | 2 | 0 | .......... |
| Total | 2 | 0 | 0 |
| | **Suburban** | | |
| | Black | White | Spanish surname |
| Denver | 0 | 13 | 6 |
| Little Rock | 1 | 61 | .......... |
| Total | 1 | 74 | 6 |

[31] One house was located in Lansdale (Montgomery County) and the other in Fairless Hills (Bucks County), Pa.

[32] One house was located in a subdivision southwest of Little Rock and the other in semirural area northeast of North Little Rock.

[33] Six in Adams County, four in Arapahoe County and three in Jefferson County.

[34] See the following table:

TABLE D.—DISTRIBUTION OF EXISTING HOUSES IN SAMPLE

| | Inner city | Suburban |
|---|---|---|
| Denver | 24 | 13 |
| Little Rock | 16 | 2 |
| St. Louis | 42 | 37 |
| Philadelphia | 59 | 2 |
| Total | 141 | 54 |

[35] See the following table:

TABLE E.—DISTRIBUTION OF EXISTING HOUSES BY RACIAL AND ETHNIC GROUP

| | Central City | | |
|---|---|---|---|
| | Black | White | Spanish surname |
| Denver | 10 | 6 | 8 |
| Little Rock | 15 | 1 | .......... |
| St. Louis | 26 | 2 | .......... |
| Philadelphia | 24 | 1 | 4 |
| Total | 75 | 10 | 12 |
| | **Suburban** | | |
| | Black | White | Spanish surname |
| Denver | 0 | 4 | 0 |
| Little Rock | 1 | 1 | .......... |
| St. Louis | 23 | 3 | .......... |
| Philadelphia | 0 | 2 | 0 |
| Total | 24 | 10 | 0 |

### Denver

The pattern was shown most clearly in Denver. Park Hill is Denver's "changing" neighborhood.[37] Ten of the 47 Denver buyers surveyed were black. Eight of these 10 black buyers, all of whom purchased existing houses in the central city, purchased them in the Park Hill area. The other two black 235 buyers purchased homes in a predominantly black area east of downtown Denver.

By contrast, white purchasers of existing 235 houses were scattered throughout the southwestern, southeastern, and northern parts of the city and in the suburbs. None of the white buyers purchased houses in the Park Hill area. Spanish surnamed purchasers of existing 235 houses were scattered throughout the western, central, and northern parts of the city, but did not purchase houses in the Park Hill area.

The former residences of black 235 buyers also showed this pattern of geographical concentration. Three of the 10 black families already had resided in the Park Hill area before they purchased their 235 houses. The other seven black families had lived in a predominantly black area east of downtown Denver. The white families had moved from various parts of the Denver metropolitan area.[38] Although all but one of the 14 Spanish surnamed 235 buyers formerly had resided in the city of Denver, they, too, had lived in various parts of the city.[39]

A map showing the pattern of movement of Denver 235 families is attached as exhibit A.

### ST. LOUIS

The St. Louis area, which has a larger population than that of Denver and a much higher percentage of black residents, has several "changing" neighborhoods. During its January 1970 hearing in St. Louis, the Commission found that nine of every 10 235 houses purchased in St. Louis City and County were located either in predominantly black or "changing" neighborhoods. Since the time of that hearing, several local St. Louis groups have conducted their own investigations of the buying patterns of 235 buyers. According to a June 1, 1970, newspaper article concerning the 235 program:

> . . . information on the program's use is very scant . . . Nevertheless, three months inquiry has disclosed that most of the houses are in racially changing neighborhoods bordering the Negro area extending from downtown St. Louis west into the north-central county. Concentrations were found in the West End, Walnut Park, the Pagedale-Normandy area and Northwest University City.[40]

Commission staff found that nine out of every 10 black buyers surveyed in the St. Louis area purchased houses in "changing" neighborhoods. The remaining black families were divided between traditionally all-black neighborhoods in St. Louis City and St. Louis County. Thus, despite the fact that nearly half of these black buyers purchased houses outside the central city, none moved into a white area.[41]

The five white buyers surveyed in St. Louis purchased houses in predominantly white areas—two in the southern part of the city and the other three in predominantly white suburbs—one in the southern part of University City, one in Jennings, and one in Webster Groves.

Nearly four out of every five black 235 families surveyed had formerly resided in traditionally all-black areas—35 in St. Louis, three in Kinloch, and one in Meacham Park. Three of the white families had formerly resided in "changing" neighbor-

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[36] "Changing" neighborhoods will be discussed in part III, chapter 2. Essentially a "changing" neighborhood is a formerly white or integrated neighborhood into which mostly minority families are moving. Some of the "changing" neighborhoods in the four metropolitan areas surveyed have already become predominantly minority areas. Others are presently undergoing a rapid or gradual racial or ethnic change.

[37] A report entitled, "Park Hill Areas of Denver 1950-1966" traces the residential movement of black families in Denver. It states that black families were originally concentrated in downtown Denver and that, after 1940, these families began to move east and north from the downtown area. The subject of the report is black movement into a residential area known as Park Hill which is located in the extreme northeast section of Denver. George E. Bardwell for Commission on Community Relations, City and County of Denver, "Park Hill Areas of Denver 1960-1966, An Updating of the 1960 Census: A Study of Population Movement and Property Value," 4 (1966).

[38] Thirteen buyers previously had lived in the suburbs—six in Aurora, four in Englewood, one in Arvada, one in Derby, and one in southeast Adams County. One white Anglo family had moved from Colorado Springs. The remaining nine white majority families formerly had resided in northwest Denver (1), west Denver (2), southwest Denver (2), south Denver (2), and southeast Denver (2).

[39] The 13 city families had lived in northwest Denver (3), west Denver (5), southwest Denver (2), and northeast Denver (3). The one suburban family resided in Adams City.

[40] "E. S. Evans, Subsidized Home Sales Limited to Few Areas," St. Louis Post-Dispatch, June 1, 1970.

[41] See the following table:

TABLE F.—DISTRIBUTION OF SURVEYED ST. LOUIS BUYERS—"CHANGING" NEIGHBORHOODS

| | Black | White |
|---|---|---|
| Berkeley | 1 | 0 |
| Between O'Fallon and Fairground Parks | 7 | 0 |
| Kirkwood | 1 | 0 |
| Pagedale-Normandy-Wellston-University City (north) | 18 | 0 |
| Rock Hill | 2 | 0 |
| Surrounding Lafayette Park | 1 | 0 |
| Skinker-DeBalivier | 4 | 0 |
| Walnut Park | 12 | 0 |
| Total | 46 | 0 |

EXHIBIT A

## DENVER
### New Residences of Buyers of New Houses

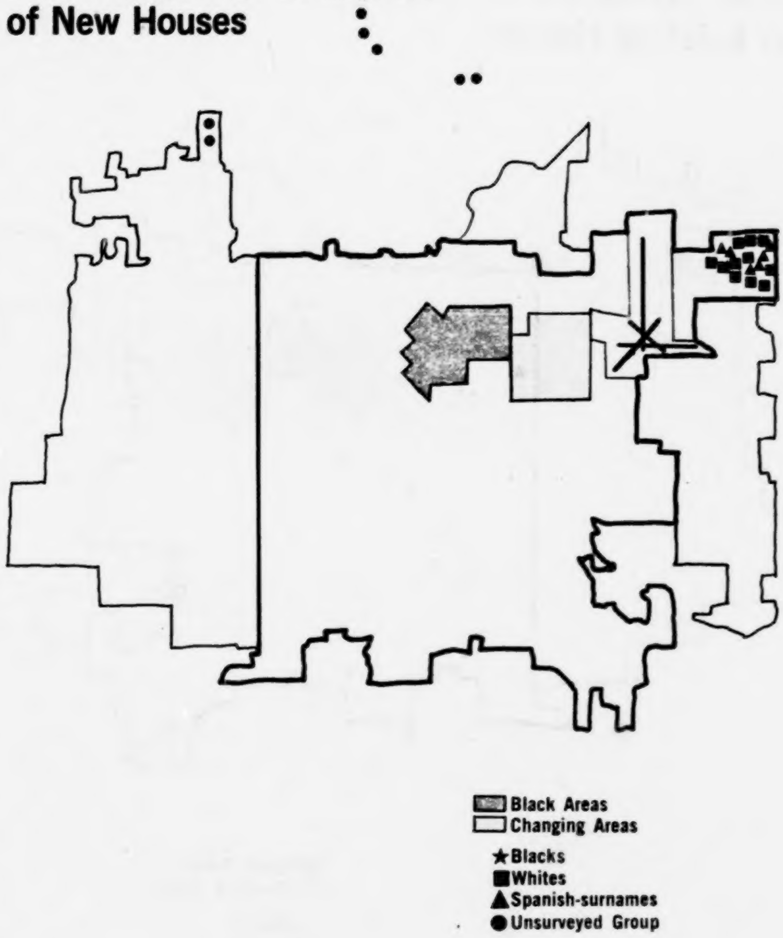
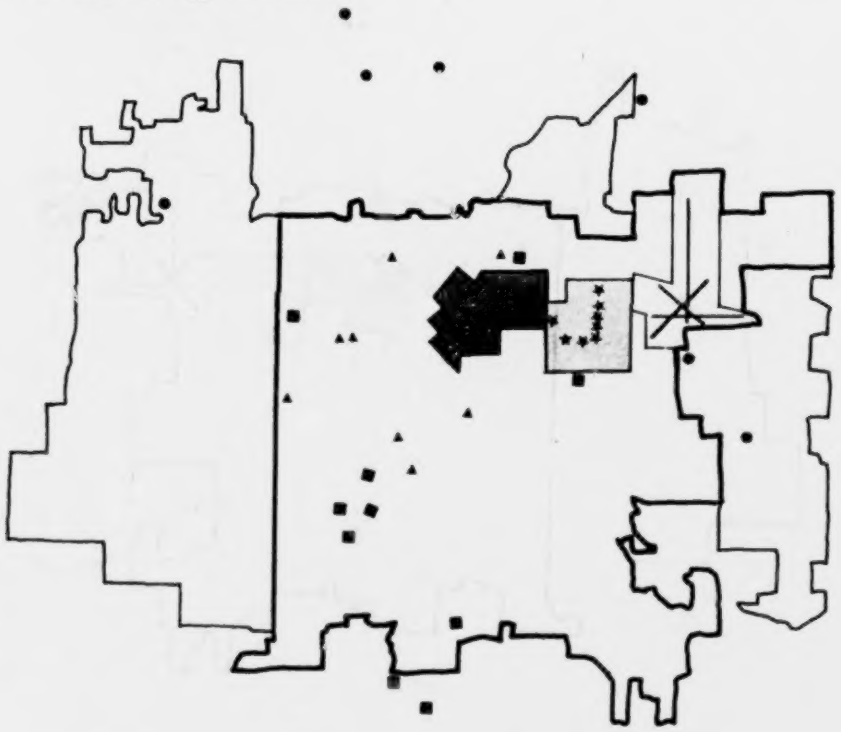

▨ Black Areas
☐ Changing Areas
★ Blacks
■ Whites
▲ Spanish-surnames
● Unsurveyed Group

EXHIBIT A

# DENVER

## New Residences of Buyers of Existing Houses

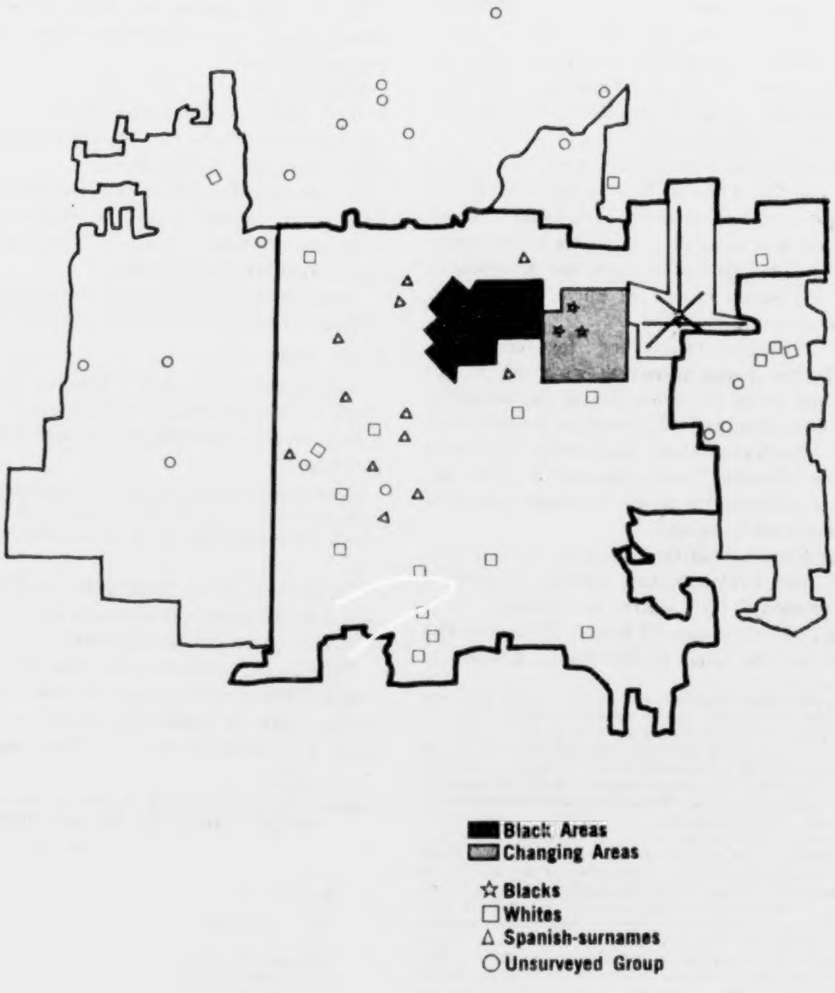


■ Black Areas
▭ Changing Areas

★ Blacks
■ Whites
▲ Spanish-surnames
● Unsurveyed Group

EXHIBIT A

## DENVER
### Former Residences of Buyers


■ Black Areas
▨ Changing Areas
☆ Blacks
□ Whites
△ Spanish-surnames
○ Unsurveyed Group

hoods—the same "changing" neighborhoods into which the black 235 buyers moved.[42]

A map showing the pattern of movement of St. Louis 235 families is attached as Exhibit B.

**Philadelphia**

Like St. Louis, Philadelphia is a heavily populated area with a large percentage of nonwhite residents. Commission staff was advised by a Philadelphia real estate broker that the "entire city is a changing neighborhood." [43] Although FHA maintains a published policy of disregarding racial factors in approving a house or applicant for mortgage insurance, FHA files were explicit in identifying Philadelphia's "changing" neighborhoods.

FHA appraisers in Philadelphia noted on appraisal forms that 29 of the 55 Section 235 central city houses in the Commission's Philadelphia sample were located in areas where a "change in occupancy is taking place." One additional house, according to FHA, was located in an area where a "change in occupancy is anticipated." [44]

The "Valuation Instructions" for appraisers [45] state that the change referred to is a change in "income and *social characteristics* of the occupants other than those well established in the neighborhood." (Emphasis added.) Commission staff found that the "changing" areas identified by FHA appraisers corresponded closely to racially changing neighborhoods in the city.

In addition to the 30 buyers moving into neighborhoods which FHA appraisers specifically identified as "changing" or where a "change . . . is anticipated," there were 17 section 235 buyers who moved into the same neighborhoods, although in these cases they were not identified as "changing" by FHA. Thus, a total of 47, or four out of every five 235 houses in the Philadelphia sample was located in "changing" areas.

All four of the Puerto Rican buyers surveyed and 19 of the black buyers surveyed purchased houses in "changing" neighborhoods. Of the remaining five black families, all purchased in traditionally all-black neighborhoods in west Philadelphia.[46]

The one white central city buyer surveyed purchased a home in a predominantly white "changing" area in Oak Lane.

Three of every five black 235 buyers surveyed formerly had resided in predominantly black areas. All of the Puerto Rican families surveyed had moved within "changing" neighborhoods.

The two suburban buyers were both white, former residents of suburban areas. The white central city buyer had previously lived in a "changing" neighborhood in north Philadelphia.

A map showing the pattern of movement of Philadelphia 235 families is attached as Exhibit C.

**Little Rock**

A September 1970 article in The New York Times entitled "Resegregation: A Problem in Urban South", describes resegregation in Little Rock, Ark., as follows:

> Whites have fled to the suburbs by the thousands to escape (school) desegregation and the city is building itself racial islands, black ones in the central city and white ones farther out.[47]

On the basis of the Commission's staff investigation, a similar pattern of movement was found to be occurring among 235 buyers in Little Rock.

The pattern resembled a game of musical chairs in which black families moved to areas vacated by whites. It will be recalled that all but two of the 19 black 235 buyers in the Little Rock sample pur-

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[42] The three neighborhoods from which white 235 buyers moved were Walnut Park, University City (north), and west of Lafayette Park.

[43] Philadelphia Real Estate Broker-Interview No. 3, July 15, 1970.

[44] FHA Form No. 2800-3, revised May 1968, FHA Underwriting Report is used to indicate the factors whereby a house is assigned a value by an FHA appraiser. The form contains information regarding the number of bedrooms, number of baths, age of house, comparable properties and their sale prices, estimated replacement cost, remaining economic life of property, etc. Included is a section (No. 30) containing "Neighborhood Data." This section has a place for the appraiser to indicate if a "Change in . . . Use or Occupancy is . . . Taking place or Anticipated." This form was revised in January 1970, and the neighborhood data section was changed. For the former information a space is now substituted where the appraiser must describe the "demand for amenity-income properties in the neighborhood." The older version was still in use in all files examined for this study. A "Change in Occupancy" was indicated in seven St. Louis files. The neighborhoods involved were University City, Skinker-DeBalivier, Walnut Park, and the area just east of O'Fallon Park. No "Change in Occupancy" was indicated in the 64 Denver files examined. A "Change in Occupancy" was indicated for one house in Little Rock. This was an existing house located in the central city and purchased by a black buyer. For explanation of the "Change in Occupancy" block, see part III, chapter III.

[45] "Valuation Instructions" for appraisers using FHA Form No. 2800-3, Rev. May 1968.

[46] See the following table:

TABLE G.—DISTRIBUTION OF SURVEYED PHILADELPHIA BUYERS—"CHANGING" NEIGHBORHOODS

| | Black | Puerto Rican | Majority group |
|---|---|---|---|
| Fern Rock | 1 | 0 | 0 |
| Logan | 2 | 0 | 0 |
| North of Lanier Park | 1 | 0 | 0 |
| Oak Lane | 0 | 0 | 1 |
| Southwest Philadelphia | 4 | 0 | 0 |
| Upper North Philadelphia | 4 | 4 | 0 |
| Upper West Philadelphia | 1 | 0 | 0 |
| West Oak Lane-Cedarbrook | 2 | 0 | 0 |
| Wynnefield | 4 | 0 | 0 |
| Total | 19 | 4 | 1 |

[47] Roy Reed, "Resegregation: A Problem in the Urban South," The New York Times, Sept. 28, 1970.

EXHIBIT B

# ST. LOUIS

## New Residences of Buyers

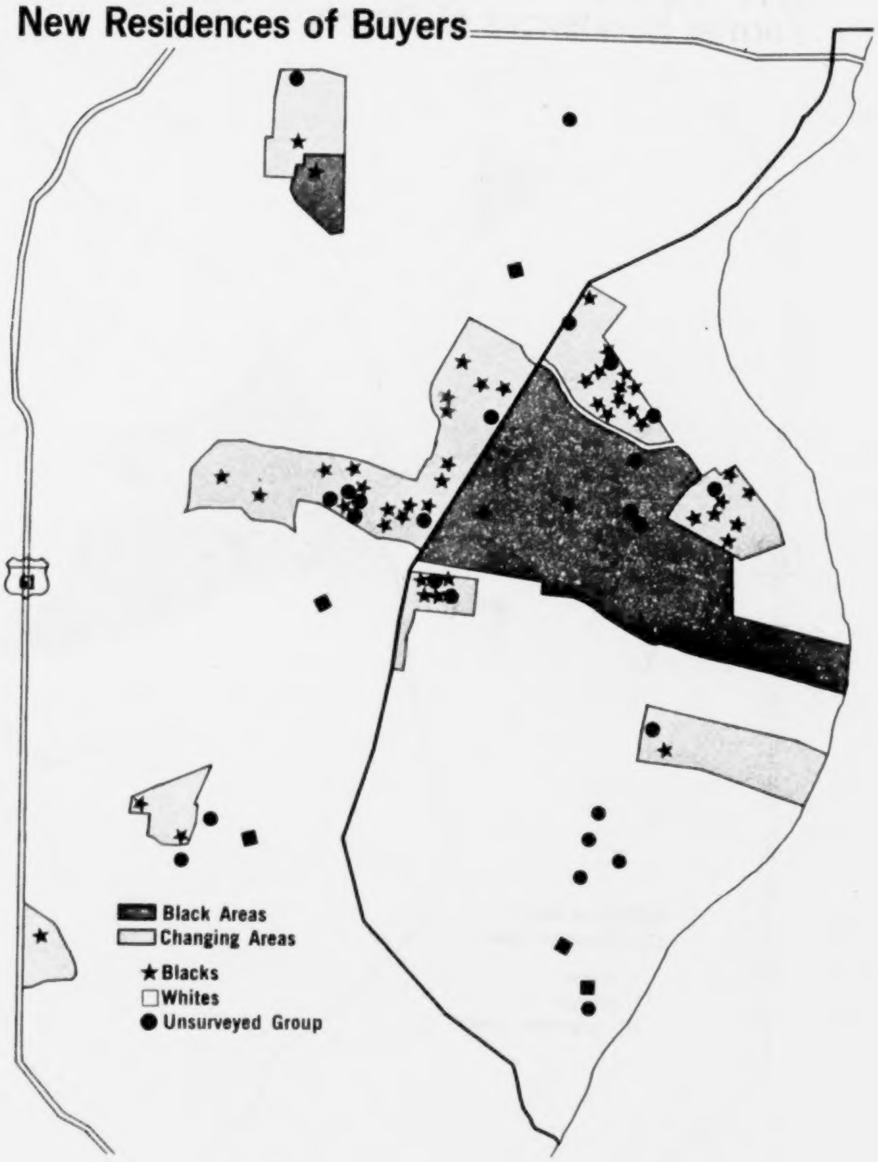
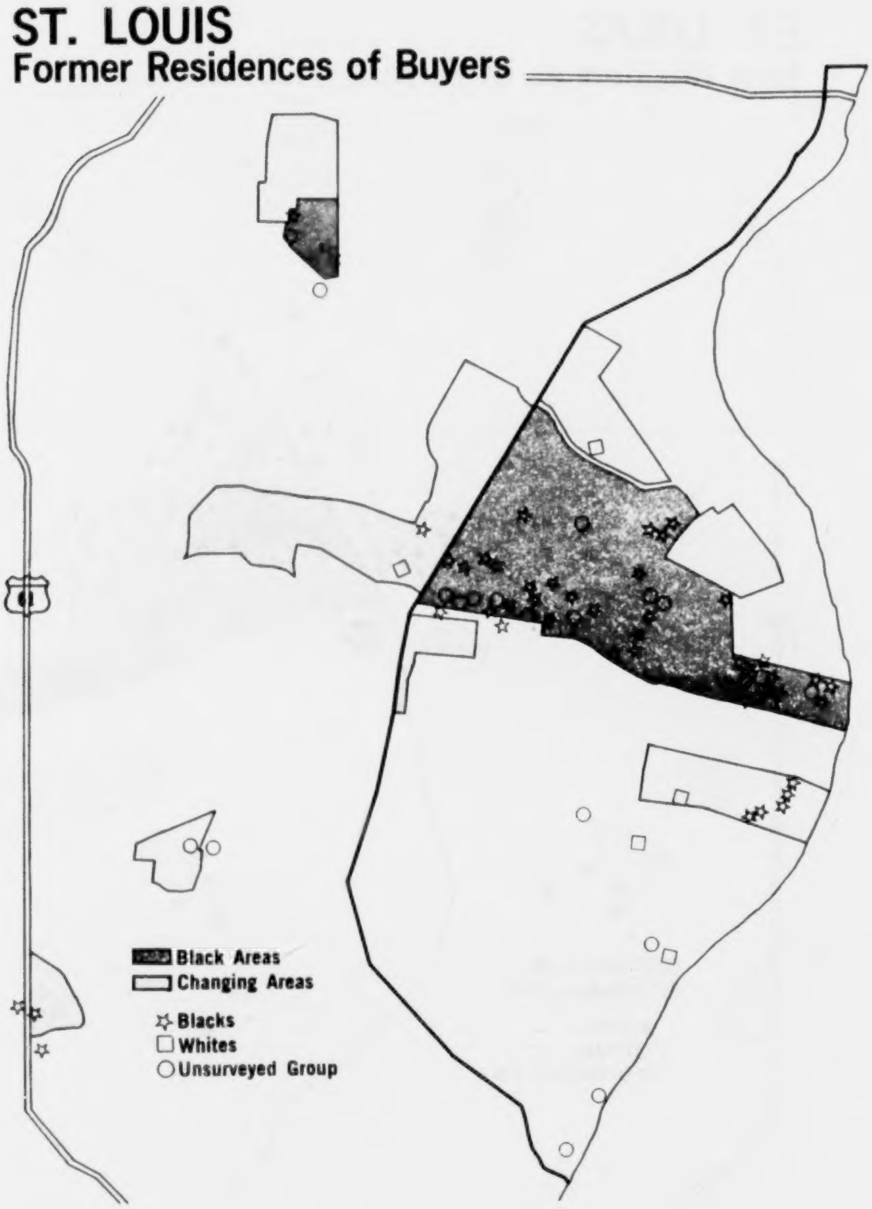
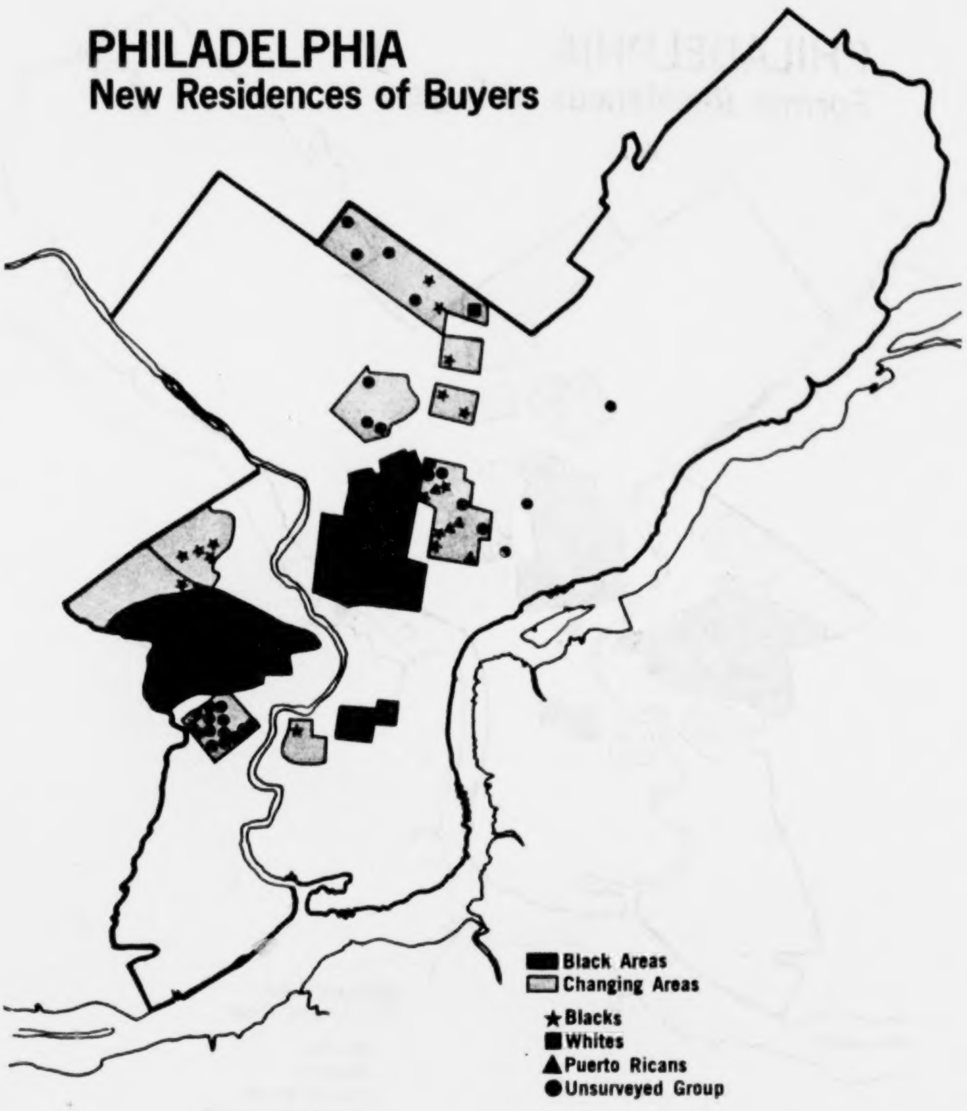

▨ Black Areas
☐ Changing Areas
★ Blacks
☐ Whites
● Unsurveyed Group

EXHIBIT B


ST. LOUIS
Former Residences of Buyers

Black Areas
Changing Areas
☆ Blacks
☐ Whites
○ Unsurveyed Group
61

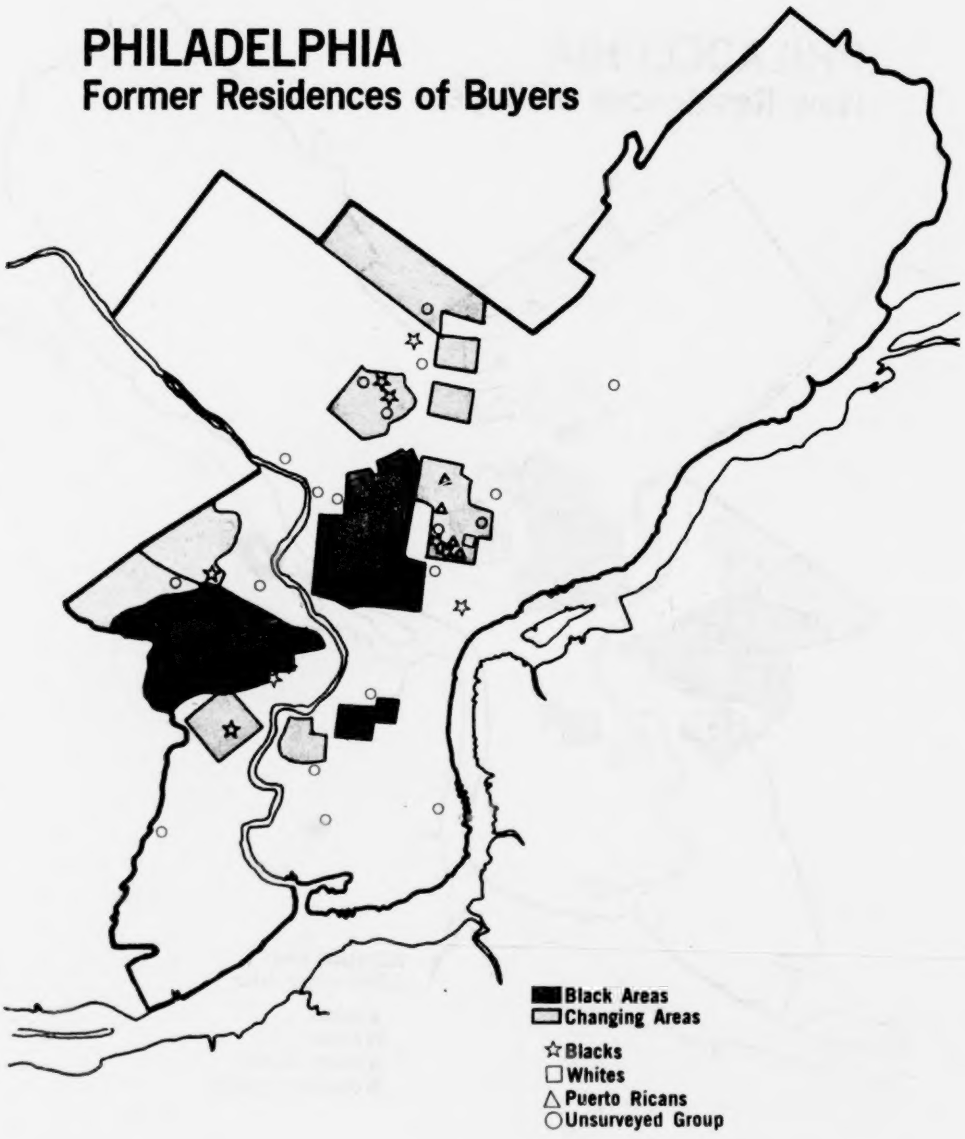
EXHIBIT C



PHILADELPHIA
New Residences of Buyers

■ Black Areas
▨ Changing Areas
★ Blacks
■ Whites
▲ Puerto Ricans
● Unsurveyed Group

EXHIBIT C



PHILADELPHIA
Former Residences of Buyers

■ Black Areas
▭ Changing Areas
☆ Blacks
☐ Whites
△ Puerto Ricans
○ Unsurveyed Group

chased houses in the central city, while all but one of the white 235 buyers purchased houses in the suburbs. More than two of every five of these white 235 buyers left central city areas to move to their suburban homes.[48] Most of these white 235 buyers moved from the very central city areas into which the black central city 235 buyers were moving.[49]

The one white central city buyer purchased an existing house in a "changing" neighborhood. This was one of only two white buyers in the four-city survey who purchased homes located outside all-white neighborhoods.

Six of the white 235 buyers in the Little Rock area formerly had resided in small towns which are not part of metropolitan Little Rock.[50] The remainder came from throughout the Little Rock metropolitan area.[51] The black 235 buyers also had moved from various locations in the metropolitan area. Many of the areas were predominantly black. More than half (10) already had been living in the central city.[52]

A map showing the pattern of movement of Little Rock 235 families is attached as Exhibit D.

### A Fourth Pattern

The 286 sample cases drawn from the four metropolitan areas revealed no instances of new 235 houses constructed in predominantly black subdivisions. However, Commission staff found that if the St. Louis sample had been drawn from a more recent period, this pattern would have appeared in the St. Louis case files.[53] When Commission staff visited St. Louis in August 1970, it found that only black families had purchased new 235 houses in Elmwood Park, a predominantly black urban renewal area in St. Louis County. In addition, Commission staff found that new 235 houses were under construction in a predominantly white area in St. Louis County and were being marketed only in the white community.[54]

This practice of constructing "separate but equal" federally assisted black and white subdivisions, reminiscent of past practices of constructing "separate but equal" schools and "separate but equal" public housing projects, may be occurring in other metropolitan areas.[55]

A newspaper article quotes South Carolina's FHA Office: [56]

> The Federal Housing Administration Office says about half the loans it is processing in the State now are in the subsidy field. . . . Most of the homes built are in the $10,000 to $15,000 class. *Well over half are built for blacks.* (Emphasis added.)

And in August 1970, a report by the Kentucky Commission on Human Rights describes a "separate but equal" 235 subdivision pattern in Louisville and Lexington, Ky.[57]

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[48] Includes one white buyer who moved from a central city area in North Little Rock.

[49] This area, roughly bounded by Highway 30 on the east, the city limits on the south, Fair Park Boulevard on the west and Markam Street on the north, can be said to contain Little Rock's "changing" neighborhoods. In the center of this area is Little Rock's Central High School, the scene of the 1957 incident in which Governor Faubus attempted to prevent the desegregation of Central High School and President Eisenhower was forced to intervene with Federal troops. Central High School is now over one-third black.

[50] Three in Benton, one Cleveland, one in Weldon, and one in Hensley, Ark. Three white buyers had lived in Mabelvale, a town in the southern part of Pulaski County.

[51] Another three white buyers formerly had resided in rural Pulaski County, 11 white buyers already were living in suburban locations, and the remaining white 235 buyers had moved from central Little Rock, central North Little Rock, and areas in the western and eastern sections of Little Rock and North Little Rock.

[52] One moved from Granite Heights and one from Sweet Home (both in southeast Pulaski County), two moved from the southeast section of North Little Rock, one from northeast of North Little Rock, and four from what is the model city area in east Little Rock.

[53] The St. Louis sample was selected in late 1969, in preparation for the Commission's January 1970 Hearing. Since no new 235 houses had been completed in St. Louis at the time, none appeared in the sample. The samples from the other three metropolitan areas were all drawn from longer time periods and included 235 cases from 1970.

[54] This situation will be discussed in greater detail in part III, chapter I.

[55] In connection with school desegregation efforts in Alabama, Georgia, and Mississippi, civil rights lawyers of the Department of Justice often found that new schools constructed on the fringes of black communities have soon been surrounded by new subdivisions intended and advertised for black occupancy. Many of these houses have been sold with section 235 assistance. (Telephone conversation with Martin Buckley, Attorney, Department of Justice, Mar. 3, 1971.) According to a Justice Department official, a Federal judge, while conducting a hearing on a school desegregation plan in Phoenix City, Ala., commented on the inconsistency of the Federal Government in requiring school desegregation while, at the same time, contributing to racial separation by allowing construction of all-black section 235-assisted subdivisions. In a local Phenix City newspaper advertisement, he reported, one such development was called the "Soul" subdivision and the advertising pointed out that the development is located near an all-black school. (*Id.*) The Justice Department is also investigating a similar situation in New Orleans where two all-black subdivisions have already been completed and a third is under construction. (Telephone conversation with Alexander Ross, Attorney, Department of Justice, Mar. 3, 1971.)

[56] "Dent Promotes Homes for the Needy," The Washington Post, June 26, 1970, at A7.

[57] The report entitled "Recommendations to the Department of Housing and Urban Development for an Affirmative Action Program To Eliminate Discrimination in Federally Assisted Low and Moderate Income Housing," was issued by the Housing Opportunity Division of the Kentucky Commission on Human Rights on Aug. 31, 1970. It states that developers in Louisville and Lexington are constructing separate subdivisions for black and white 235 buyers and are assuring their segregated character through discriminatory marketing practices. The following paragraphs are taken from the report, pp. 3 and 9.

"Seven of the developers of 235 homes for purchase in Lexington have used FHA commitments to build similar homes in both predominantly black and predominantly white subdivisions. As of August 1, not one of these developers had sold, under this program, a home in a white subdivision to a black family or a home in a black subdivision to white family."

"A survey by the Louisville Housing Opportunity Center shows clearly how blacks are being left out of the benefits of 235 housing development. The questionnaire prepared by the Louisville HOC was mailed out under FHA's letterhead to the 53 developers of 235 housing in the Louisville area. By August 1, 36 developers, a 68 percent return, had responded. Of these 36 developers, 29 have sold no houses to blacks and 4 others are developing housing blocks that virtually all black . . . (of the three remaining), one out of these three has sold but one house to a black family."

EXHIBIT D

## LITTLE ROCK
### New Houses and Former Residences of Buyers of New Houses

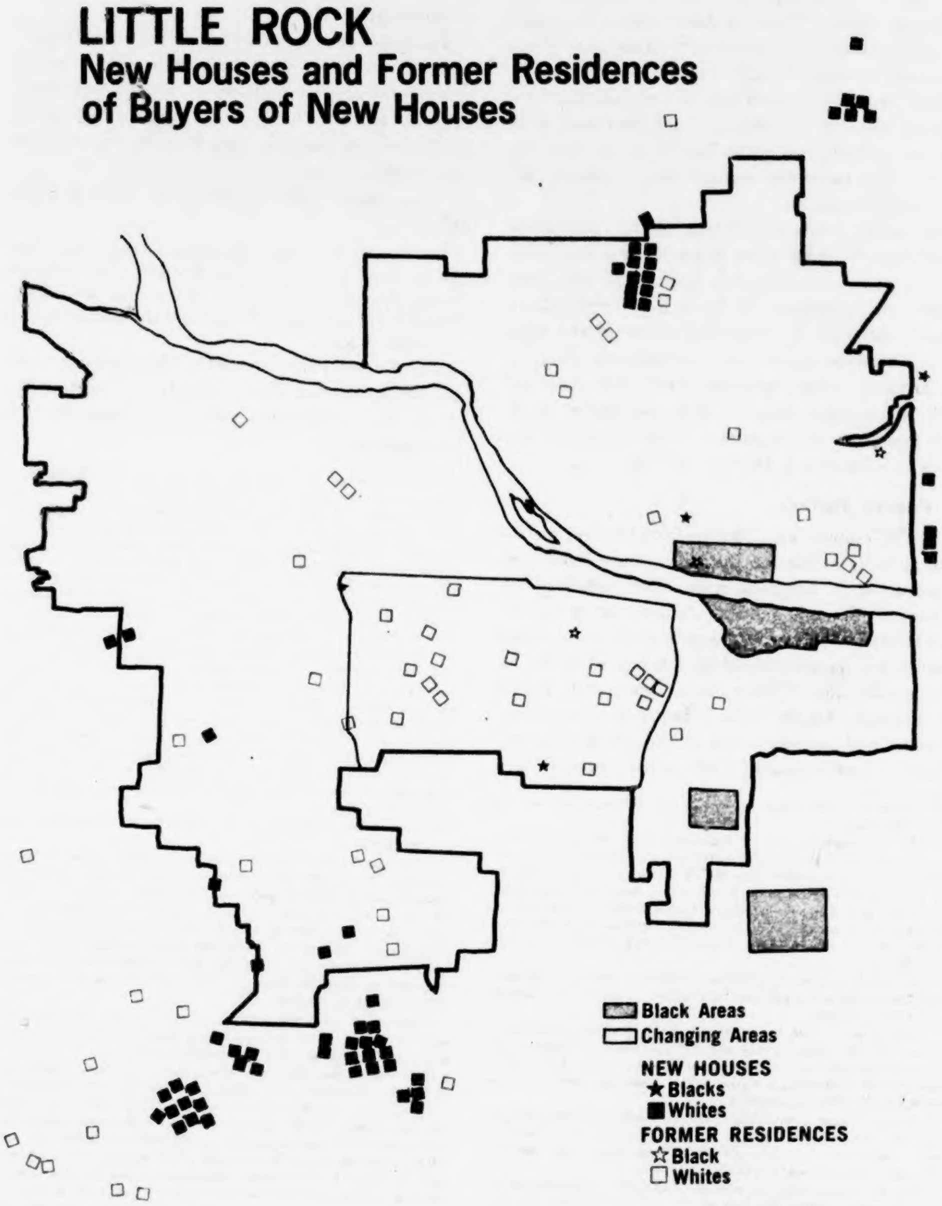
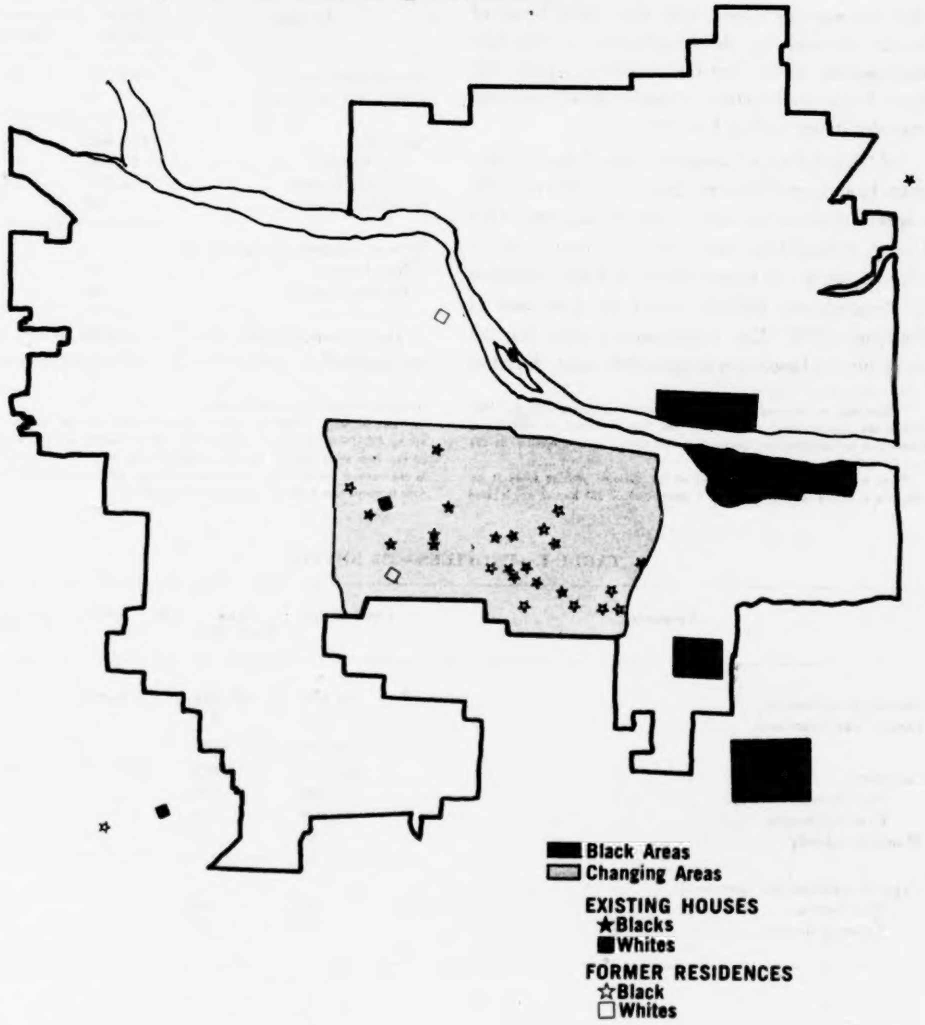

▨ Black Areas
☐ Changing Areas
NEW HOUSES
★ Blacks
■ Whites
FORMER RESIDENCES
☆ Black
☐ Whites

**EXHIBIT D**

# LITTLE ROCK
## Existing Houses and Former Residences of Buyers of Existing Houses


■ Black Areas
▨ Changing Areas
EXISTING HOUSES
★ Blacks
■ Whites
FORMER RESIDENCES
☆ Black
□ Whites

## CHAPTER II

# BUYER PROFILES

FHA reported that as of December 31, 1969, the typical 235 buyer had a gross annual income of $5,579 and purchased a house costing $14,957.[58] This corresponds closely with the typical buyer of houses surveyed by the Commission in the four metropolitan areas. The Commission's typical 235 buyer had a gross annual income of $5,498 and purchased a house costing $14,100.[59]

FHA has not yet released statistics on the 235 program by metropolitan area. However, in March 1970, a special analysis was done of the 235 program in the Denver metropolitan area. The data were based on approximately 700 cases received in FHA's Division of Research and Statistics as of the first week of February 1970. The Commission's data for the same city are based on a sample of 64 cases, the latest insured in April 1970. The figures again are closely comparable.

**Table H. Profiles Denver 235 Buyers**

| Averages | FHA figures | Commission figures |
|---|---|---|
| Annual gross income | $5, 991 | $6, 010 |
| Family size (number) | 5 | 4. 5 |
| Sale price | $15, 423 | $16, 017 |
| New homes | 17, 100 | 17, 292 |
| Existing homes | 14, 271 | 15, 086 |
| Monthly subsidy | 60 | 65 |
| Type of construction (percent): | | |
| New homes | 40 | 42 |
| Existing homes | 60 | 58 |

The following table provides profiles of 235 buyers sampled in each of the four metropolitan areas.[60]

**TABLE I.—PROFILES—235 BUYERS**

| Averages | Denver (64) | Little Rock (82) | St. Louis (79) | Philadelphia (61) |
|---|---|---|---|---|
| Annual gross income | $6, 010 | $5, 631 | $5, 360 | $4, 702 |
| Family size (number) | 4. 5 | 4. 4 | 5. 1 | 4. 9 |
| Sale price | $16, 017 | $14, 889 | $12, 890 | $9, 123 |
| New homes | 17, 292 | 15, 690 | | |
| Existing homes | 15, 086 | 12, 042 | | |
| Monthly subsidy | 65 | 59 | 48 | 34 |
| Type of construction (percent): | | | | |
| New homes | 42 | 78 | | |
| Existing homes | 58 | 22 | | |

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[58] "Hearings on Housing and Urban Development Legislation for 1970 Before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking and Currency," 91st Cong., second session, at 721 and 725 (1970).

[59] Our sample is not representative of the national picture since it includes a Northeastern city and only 6 percent of all 235 houses are located in the Northeastern area of the country.

[60] The buyers' incomes do not necessarily reflect the 235 income limits set by FHA. For example, St. Louis, Mo., has the highest 235 income limits of the four areas visited, but the average income of St. Louis 235 buyers is the second lowest of the four areas. Section 235 income limits for the four metropolitan areas are attached as appendix C.

## RACIAL AND ETHNIC BUYER PROFILES

### Income, Housing Cost, and Subsidy

As Table J indicates, the average minority 235 buyer had a slightly lower income than that of his white counterpart and the house which he purchased was of substantially lower cost than the typical house purchased by a white 235 buyer. Consequently, the typical minority 235 buyer received a substantially lower mortgage subsidy than did his white counterpart. Although in some areas the sample of certain racial and ethnic groups was too small to form the basis for firm conclusions, it is significant that the pattern in each city was the same.

TABLE J.—RACIAL AND ETHNIC BUYER PROFILES—ALL HOUSES (214 Surveyed)

| Averages | Denver (47) | Little Rock (82) | St. Louis (54) | Philadelphia (31) |
|---|---|---|---|---|
| Sales price: | | | | |
| Spanish surnamed | $15,218 | ... | ... | [1] $5,938 |
| Black | 15,067 | $12,095 | $12,904 | 9,385 |
| White | 16,603 | 15,731 | [1] 14,415 | [1] 14,233 |
| Annual gross income: | | | | |
| Spanish surnamed | 5,940 | ... | ... | [1] 4,053 |
| Black | 5,358 | 5,157 | 5,461 | 4,987 |
| White | 6,410 | 5,774 | [1] 6,298 | [1] 5,623 |
| Mortgage subsidy: | | | | |
| Spanish surnamed | 62 | ... | ... | [1] 18 |
| Black | 63 | 43 | 46 | 35 |
| White | 66 | 65 | [1] 56 | [1] 58 |

[1] Fewer than 10 families in sample.

The amount of the subsidy under the 235 program is tied by statute to the buyers' income. But it is also dependent, as a practical matter, upon the sales price of the house purchased. For example, a buyer eligible under Section 235 income limits who purchases a house below a given cost will receive no subsidy at all if he can pay the entire mortgage payment with 20 percent of his adjusted income. Thus, the amount of mortgage subsidy which a buyer receives reflects not only his income but also the cost of the housing made available to him for purchase.

FHA does not maintain records of the number of 235 applicants who are within the income limits for 235 assistance but who have been rejected for 235 mortgages because they are "over-income" for the houses they purchase. However, the Commission's study of 235 records suggests that this frequently occurs.

For example, one of the sample cases in St. Louis, although it carries a 235 file number, proved not to be a 235 case at all. The buyer, a black mother with six children and a gross annual income of $6,640, was eligible for 235 assistance. However, the house which she purchased cost only $7,300. The buyer, anxious to move from public housing, purchased the house although it was in extremely bad condition. There were rat holes in the basement, the roof leaked, the walls were cracked, the wiring was defective, no ceiling lights worked, the commode rocked back and forth, and the interior woodwork was rotten. The buyer was told by the real estate broker that she was receiving Federal assistance in obtaining a home, but actually received a 25-year market interest rate mortgage on this deteriorating dwelling, without benefit of a subsidy.[61]

Similar situations occurred in Philadelphia. One black "235 buyer" did not discover that she was paying the full amount of the mortgage payment until she went to the closing. At that time she discovered that she had been found ineligible for a 235 mortgage and without her knowledge,[62] had been switched to a 221(d)(2) mortgage.[63] A Puerto Rican Philadelphia buyer who had a gross annual income of $3,024 purchased a house costing $4,200. The monthly subsidy which this 235 buyer receives is $1.23, less than half the amount which FHA is paying the mortgagee monthly as a special fee for servicing her 235 mortgage.[64]

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[61] St. Louis FHA Case No. 292-072289. Buyer interview by St. Louis students, summer 1970.

[62] Philadelphia Buyer Interview No. 1, June 15, 1970.

[63] Section 221(d)(2) mortgages are for displaced and low- and moderate-income families. The dwelling must be mortgaged for less than 21,000 ($24,000—if family has 5 or more persons) and the buyer must make a 3 percent downpayment $200 in case of displaced families). There is no subsidy involved.

[64] Philadelphia FHA Case No. 441-164097.

## Existing Houses

As noted earlier, minority 235 buyers tend to purchase existing houses while white buyers tend to purchase new houses. In addition, as Table K suggests, the existing houses purchased by minorities tend to be cheaper and older than the existing houses purchased by whites. They also tend to have shorter estimated remaining economic or physical lives.[65] Although in some areas the racial and ethnic groups in the sample were too small to form the basis for firm conclusions, once again the pattern was similar in each metropolitan areas.[66]

## Overcrowding and Large Families

The fact that minority familiies need larger houses with more bedrooms was one reason offered to Commission staff for the concentration of minority buyers in existing houses in the inner-city.[67] Indeed, it is true that the minority buyers surveyed tended to have more children. Based on the sample, however, it is not true that they purchased larger houses with more bedrooms.[68] As a result, overcrowding [69] is far more common among minority 235 buyers than it is among white buyers.

Black families made up 20 of the 23 section 235 buyers surveyed with four or more children per bedroom. Two of these families lived in Philadelphia, two lived in Little Rock, five lived in Denver, and 14 lived in St. Louis.[70]

Theoretically, the formula FHA uses to qualify a family for a 235 mortgage (deducting $300 for each minor child who is a family member and resides with the family) is designed to assist families with many children. An examination of 235 files revealed that, in fact, this method could work to the detriment of large families by holding them to less expensive houses and less in the way of subsidy.[71]

For example, compare two actual 235 buyers in Little Rock, Ark. Buyer A has an annual gross income of $6,198 and Buyer B has an annual gross income of $6,120. Buyer A has six children; Buyer B has one child. Buyer A paid $11,800 for a 23-year-old three-bedroom house. Buyer B paid $18,100 for a new three-bedroom house. Both families are making monthly mortgage payments which equal 20 percent of their adjusted monthly incomes. Buyer A pays $68 per month and receives a monthly subsidy of $22. Buyer B pays $91 per month and receives a monthly subsidy of $81.[72]

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[65] FHA appraisers, as part of the valuation process, estimate the remaining economic life of the property under consideration. The economic life is the period during which the property continues to have amenity value, i.e., can be resold, rented, etc. The term of the mortgage is generally set at 75 percent of the remaining economic life of the property. For example, a house with a remaining economic life of 40 years could support a 30-year mortgage. The physical life of the property would be longer—the period during which the property is still standing. In Philadelphia and St. Louis, appraisers sometimes figured the mortgage term on the basis of the physical life of the property, since the estimated remaining economic life was too short to support a mortgage. Eleven, or more than 20 percent of houses purchased by black families in St. Louis had the physical rather than economic life of the dwelling used by the FHA appraiser. The physical life was used for the majority of Philadelphia houses.

[66] See the following table:

TABLE K.—RACIAL AND ETHNIC EXISTING HOUSING PROFILES (131 Surveyed)

| Averages | Denver (28) | Little Rock (18) | St. Louis (54) | Philadelphia (31) |
|---|---|---|---|---|
| Age of existing houses (years): | | | | |
| Spanish surnamed | [1] 48 | | | [1] 68 |
| Black | 39 | 28 | 42 | 50 |
| White | 20 | [1] 22 | [1] 45 | [1] 31 |
| Remaining economic or physical life [2] (years): | | | | |
| Spanish surnamed | [1] 37 | | | [1] 31 |
| Black | 40 | 41 | 37 | 33 |
| White | 42 | [1] 43 | [1] 38 | [1] 38 |
| Sales price: | | | | |
| Spanish surnamed | [1] $13,531 | | | [1] $5,938 |
| Black | 15,067 | $11,919 | $12,904 | 9,385 |
| White | 15,521 | [1] 13,025 | [1] 14,415 | [1] 14,233 |

[1] Fewer than 10 families in sample.

[2] FHA appraisers generally assign a remaining economic life of 55 years to newly constructed houses. If the new sec. 235 houses in Denver and Little Rock were included the disparity between minority and majority owned houses in the cities would be considerably greater. (Denver—Spanish surnames 42 years; black 40 years; Anglo 46 years) (Little Rock—black 43 years; white 54 years).

[67] Interview with Michael Galli, FHA Insuring Office Director, St. Louis, January 1970.

[68] Out of a total of 214 surveyed 235 buyers, there were five overcrowded Spanish surname families, 47 overcrowded black families, and eight overcrowded majority group families. Majority group families averaged three children each and bought houses with an average of 3 bedrooms; Spanish surname families averaged 3.2 children each and bought houses with an average of 3 bedrooms; black families averaged four children each and bought houses with an average of 2.8 bedrooms.

[69] Overcrowding is defined as more than two children per bedroom.

[70] The most serious overcrowding was found among St. Louis sec. 235 buyers. Fourteen of the 54 buyers surveyed in St. Louis had four or more children per bedroom. One of these families was white with seven children in a three-bedroom house. The remaining 13 families were black. Twelve of these seriously overcrowded black families purchased two-bedroom houses—five families had six children each, two families had seven children each, three families had five children each, and two families had four children each. The remaining black family purchased a one-bedroom house and had five children.

[71] Table I shows that the new 235 houses in the survey were more expensive than the existing houses. In addition, on the average, larger houses were more expensive than smaller houses. In Denver, houses with fewer than three bedrooms (43 percent) had an average sales price of $15,231. Houses with three to five bedrooms (57 percent) had an average sales price of $16,628. In St. Louis, houses with fewer than three bedrooms (49 percent) had an average sales price of $12,410. Houses with three to six bedrooms (51 percent) had an average sales price of $13,359. In Little Rock, houses with fewer than three bedrooms (11 percent) had an average sales price of $11,750. Houses with three to four bedrooms (89 percent) had an average sales price of $15,276. In Philadelphia, houses with fewer

Continued on page 32.

Or compare two actual St. Louis buyers. Buyer C has an annual gross income of $5,928 and Buyer D has a gross annual income of $5,856. Buyer C has five children and Buyer D has one child. Buyer C paid $11,700 for a 32-year-old two-bedroom house. Buyer D paid $14,650 for a 15-year-old three-bedroom house. Both buyers are paying 20 percent of their adjusted incomes toward monthly mortgage payments. Buyer C pays $68 per month and receives a monthly subsidy of $29. Buyer D pays $87 per month and receives a monthly subsidy of $47.[73]

In both cases, the families with fewer children (B and D) purchased more expensive houses and received substantially higher subsidies. It is not known if families A and C would have preferred to purchase more expensive houses. However, both families are overcrowded and Buyer C has experienced heating problems and cracked plaster.

What accounts for this disparity between families of approximately the same income? One explanation lies in the method by which FHA determines the price of house a family can afford. FHA qualifies a family for a 235 mortgage on the basis of its adjusted, not its gross, income. And Buyer's A's adjusted income, because he had six children compared to Buyer B's one child, was $1,426 less than Buyer B's, although the gross income for both was nearly the same. Although FHA sometimes approves a family which will be paying more than 20 percent of its adjusted income for mortgage payments,[74] it is entirely possible for a large family to be rejected for the house of their choice because the deduction of $300 for each child makes their adjusted income too low to support the mortgage. At the same time, a family with a similar, or even lower, income could be approved if it had fewer children and, therefore, a higher adjusted income.

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Continued from page 31.

than four bedrooms (75 percent) had an average sales price of $8,744 (less than three bedrooms—10 percent—$7,392) and houses with four to six bedrooms (25 percent) had an average sales price of $10,283.

[72] Little Rock FHA Cases Nos. 031-638987 and 031-042016.

[73] St. Louis FHA Case Nos. 292-069236 and 292-073233.

[74] The FHA Section 235 Handbook states that families may pay more than 20 percent of their adjusted family income for their share of the mortgage payment. It states that such a case should be examined to "assure that this excess is not caused by such factors as extravagance of design, unreasonably high cost, or unnecessarily large size of dwelling."

## CHAPTER III

# QUALITY OF SECTION 235 HOUSING

### Overall Quality

Commission staff found that the majority of houses purchased by 235 buyers in the total sample were of good quality,[75] usually superior to the housing they previously had lived in, and offering amenities that many of the buyers had not enjoyed before. In Little Rock, a white buyer gave Commission staff a tour of her new house, pointing out with pride the carpeting, paneled kitchen, shiny utilities, and the glass doors opening on to a patio.[76] Another Little Rock buyer called particular attention to the fact that her new house was air conditioned.[77] In most cases, if the buyers had problems with their new 235 houses, they were minor and were taken care of by the builder. For example, of the 19 buyers who purchased new 235 houses in a subdivision outside Denver, only two reported any significant problems.[78]

In the case of existing housing, where problems of inferior quality most frequently have arisen, the majority of houses were solid and in good condition. FHA appraisal remarks attest to this fact as seen in its comments about a 9-year-old house in Denver:

> Subject is well-maintained three bedroom SFD with full basement with finished bedroom, area full of similar SFDs that show good pride of ownership.[79]

Concerning an 18-year-old house in Little Rock, FHA said:

> Interior well-maintained; high ceiling; 480° basement area, good for storage; large enclosed porch at rear. Couple of bedrooms lack closets, new water heater.[80]

With respect to old houses as well, FHA appraisal remarks were usually favorable. FHA stated in regard to a 60-year-old house in Philadelphia:

> Owner-occupied, subject house is well-maintained, no evidence of settlement. Basement perfectly dry.[81]

Concerning a 45-year-old house in Denver, FHA appraisal remarks were as follows:

> Old Park Hill brick beautifully landscaped, full basement. Nice recreation room, large nearly two-car garage; new bath fixtures.[82]

In the four metropolitan areas surveyed, more than three-quarters of the existing houses purchased under the program drew either positive FHA appraisal remarks or none at all, indicating that, at the least, the appraiser found no serious problems nor any need for substantial improvements.

Further, most buyers interviewed by Commission staff were well satisfied with their purchases. Only a relative handful of buyers—those who had purchased houses with major defects—were actually sorry they had participated in the 235 program. Typically, one black Philadelphia buyer said: "It's a beautiful program. I feel I stepped way up. You always try to better yourself." [83] A black buyer in Denver, who told Commission staff that she had now "come off welfare and found a job," explained: "The program gave me encouragement and a little boost." [84] This buyer expressed sympathy for friends who had not been able to buy houses under the program.[85]

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[75] On Mar. 31, 1971, Secretary Romney reported that HUD's Audit Division was in the process of conducting a comprehensive study of the new and existing construction in the entire 235 and 223(e) programs. (FHA insures mortgazes on properties located in older, declining urban areas under a special program called Section 223(e). As of Dec. 31, 1970, 5 percent of all 235 houses had been insured under sec. 223(e).) On the same date, a representative of the General Accounting Office (GAO) which is cooperating with the HUD audit, testified that tentative findings of the audit indicate that three-fourths of the new 235 houses and nearly two-thirds of the existing 235 houses inspected met the minimum property standards for FHA mortgage insurance. However, over half (54 percent) of houses with sec. 223(e) mortgages were found to have conditions which should have been corrected before the properties were found eligible for FHA mortgage insurance. "Hearings on Abuses in Federal Low- and Moderate-Income Housing Programs Before the House Banking and Currency Commission," 91st Cong., second session (Mar. 31, 1971).

[76] Little Rock buyer interview No. 6, Sept. 15, 1970.

[77] Little Rock buyer interview No. 12, Sept. 17, 1970.

[78] Denver buyers interviews Nos. 14–32, Aug. 8, 15, 16, 1970.

[79] FHA Case No. 051–089321.

[80] FHA Case No. 031–039192.

[81] FHA Case No. 441–156852.

[82] FHA Case No. 051–089091.

[83] Philadelphia Buyer Interview No. 3, July 15, 1970.

[84] Denver buyer interview No. 7, Aug. 5, 1970.

[85] *Id.*

Another black buyer who purchased a 71-year-old house in northeast Denver said: "I got one of the greatest deals in the State of Colorado. This is a very well-built house." [86]

A black St. Louis couple with three small children, whose application for a new 235 house in a suburban section of St. Louis County had been accepted, went into detail to tell Commission staff how they planned to decorate the house, panel the basement, fence in the yard, and build a barbecue. Ground had not yet been broken for construction of the house but the family already had packed many of their belongings in anticipation of the move. The apartment which they looked forward to leaving consisted of four rooms above a grocery store in a predominantly black area in the city of St. Louis.[87]

Many buyers stressed the fact that they would not have been able to purchase a house without assistance under the 235 program.[88] Several also pointed out that they were now paying less per month for their mortgage payment than they previously had paid for rent while getting much more for their money. As one white Denver buyer said: "Our rent was higher before and here we have so much room and the house is so nice, I just love it. It seems too good to be true." [89] In fact, a substantial proportion of 235 buyers are paying less in the way of monthly payments for homes that they own than they were paying for homes that they merely rented.[90]

Finally, by contrasting the condition of the housing and neighborhoods in which they had previously lived, most of the buyers considered themselves fortunate to participate in the 235 program. One black family in Philadelphia with six children, which previously had rented a small apartment shared with a grandparent, now owns a spacious four-bedroom house.[91] Another Philadelphia buyer told Commission staff that with the additional space her five children now would be able to come up from Florida to join her.[92] Other Philadelphia families have moved from what they characterized as bad neighborhoods and are now living in homes on tree-lined residential streets.[93]

A number of the 235 buyers had previously lived in public housing. They had been dissatisfied with conditions there and considered their move to 235 housing a distinct change for the better. One black buyer in Denver expressed sympathy for those friends still living in public housing who had not been able to purchase houses under the program.[94] She expressed particular pleasure in the schools in her new area and was glad that her children would not have to grow up in a public housing environment.[95]

### Abuses Under the Program

Examination of the 235 case files and field visits by Commission staff revealed that some houses being sold under the 235 program had serious physical defects. Similar findings were published in a report issued by the House Committee on Banking and Currency. [96] The report stated:

> The Federal Housing Administration is insuring existing homes that are of such poor quality that there is little or no possibility that they can survive the life of the mortgage or even attempt to maintain any reasonable property value.[97]

It should be pointed out, however, that problems in the quality of housing are by no means limited to the 235 program. Housing under other FHA programs—those not involving subsidies to lower-income families—also have these deficiencies. For example, in St. Louis, representatives of the Legal Aid Society told Commission staff that they had received many complaints from buyers who had purchased houses under the nonsubsidized section 203 program. One buyer found that 6 months after he had puchased his house, necessary roof repairs amounted to $275.[98]

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[86] Denver buyer interview No. 5, Aug. 5, 1970.

[87] St. Louis buyer interview No. 6, Aug. 27, 1970.

[88] Little Rock buyer interviews No. 13, Sept. 16, 1970; Nos. 18, 21, 22, Sept. 17, 1970; *supra* note 83, and Philadelphia buyer interview No. 9, July 17, 1970; Denver buyer interview No. 12, Aug. 5, 1970, and *supra* note 78.

[89] Denver buyer interview No. 4, Aug. 4, 1970.

[90] See the following table:

TABLE M.—BUYERS PREVIOUSLY PAYING HIGHER RENT THAN PRESENT MORTGAGE PAYMENT

| City | Sample size | Total | Percent of total |
|---|---|---|---|
| Denver | 64 | 34 | 53 |
| Little Rock | 82 | 21 | 26 |
| St, Louis | 79 | 37 | 47 |
| Philadelphia | 61 | 32 | 52 |

[91] Philadelphia buyer interview, No. 5, July 16, 1970.

[92] *Supra* note 83.

[93] Philadelphia buyer interview No. 6, July 16, 1970; *supra* note 83.

[94] *Supra* note 84.

[95] *Id.*

[96] "Investigation and Hearing of Abuses in Federal Low- and Moderate-Income Housing Programs, Staff Report and Recommendations, Committee on Banking and Currency, House of Representatives," 91st Cong., second session, December 1970.

[97] *Id.* at 1. The Committee Report states that the most common deficiencies which Committee investigators found were: "faulty plumbing, leaky basements, leaky roofs, cracked plaster, faulty or inadequate wiring, rotten wood in floors, staircases, ceiling, porches, lack of insulation, faulty heating units, and the like."

[98] Interview: St. Louis Legal Aid Society, Aug. 25, 1970.

In Philadelphia, Commission staff was told that abuses were not limited to the 235 program, but were an "across-the-board problem".[99] Of the 13 cases of code violations and other problems in Philadelphia reported by the House Banking and Currency Committee staff, only two involved 235 housing. Ten involved the nonsubsidized 221 program and one involved the nonsubsidized 203 program.[100]

Although these problems are confined to a limited proportion of the 235 housing, they are of serious and legitimate concern to those families affected.

### Abuses in Existing Housing

FHA appraisal forms included in the 286 case files examined gave some indication of the physical condition of the houses. One such indication was age. If the house was extremely old, the appraiser generally estimated a relatively short remaining economic life. The remaining economic life of the property is the basis for determining the length of the mortgage term which the appraiser feels the property can support.

In the St. Louis and Philadelphia samples, the average existing house was more than 40 years old, while in Denver and Little Rock the average existing house was less than 30 years old. Consequently, houses in Denver and Little Rock had longer remaining lives (the average was 40 years) and longer mortgage terms (the average was 30 years) than houses in the two other cities. In Philadelphia the average house had a remaining life of 33 years and the average mortgage loan term was 23 years. In St. Louis, the average house had a remaining life of 36 years and the average mortgage term was 28 years.

These figures suggest that poor quality 235 housing was more prevalent in St. Louis and Philadelphia than in Denver or Little Rock. The field visits and the appraisers' remarks contained in the case files supported this finding.

Although the poorest housing was found in St. Louis and Philadelphia, Commission staff found some low quality existing housing sold to 235 buyers in all four metropolitan areas.

### Philadelphia

One mortgage loan supervisor employed by a Philadelphia mortgage company which was participating in the 235 program told Commission staff that a number of the 235 houses she has handled "are in horrible condition".[101] More than half the 235 houses in the Philadelphia sample carry mortgages of 20 years or less.[102]

FHA appraisal remarks on existing 235 houses in Philadelphia indicated the range and seriousness of the defects: [103]

> Install cold water line to second floor. Repair leaking waterpipe in garage. Repair or replace front door. Produce roofing certification. Produce electrical certification. Paint all exterior wood work and metal, two coats.
>
> Replace front steps. (waived) Install new roof, include porch. Repair area way window frame. Paper or paint all interior walls. Reshingle rear. Replace front door. Tenant occupied premises poorly kept; no signs of settlement.
>
> Much settlement—cracks in rear walls—cracks on interior in most walls and ceiling (The latter statement was covered by a paper stapled to the form saying "V108 Repair cracks in ceiling. Paint exterior brickwork". This house was rejected by the first appraiser who noted "The property shows considerable evidence of settlement. This adverse factor limits physical and economic life, retards long term marketability and precludes favorable consideration.")
>
> Roof cert., elec. cert. Paint brick front and two sides—replace rotted floor board on porch—Repair wall behind sink—install sash cords or chain where missing—plumbing cert. to include adequate water pressure—paint or paper 2d floor rear and 3rd floor rear bedrooms. Kitchen equipment poor-reclamation work fair . . . 30 AMP Wood porch floor. 9 steps to front door—7 doors away piano factory and sales room . . . 3rd floor area deteriorated—*price for uninformed purchasers.* (Emphasis added.)

### St. Louis

An employee of a St. Louis mortgage company heavily involved in the 235 program told Commission staff that some of the older 235 houses "should have seen their last owner." [104] An employee of another St. Louis mortgage company, also heavily involved in the program, told Commission staff that "it is impossible to find a house for under $15,000 that is up to FHA standards".[105] This is particularly significant since the average sale price of 235 houses in the St. Louis sample was $12,890 and all had been approved by FHA.[106]

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[99] Interview with Julian Granger, former staff member of Select Committee on Crime of the House of Representatives, Nov. 10, 1970.

[100] House Banking and Currency Committee, "Investigation and Hearings of Abuses in Federal Low and Moderate Income Housing Programs, Staff Report and Recommendations," 91st Cong., second session, 95 (1970).

[101] Philadelphia Mortgagee Interview No. 1, June 17, 1970.

[102] Commission staff had been told by a Review Appraiser for the Washington, D.C., FHA Insuring Office that shorter term mortgages are a sign of deteriorating and low quality property. He explained that it is the job of the FHA appraiser to determine life expectancy of the unit he is appraising. An FHA insured mortgage cannot be for a term of more than 75 percent of the estimated life expectancy. In his view, a unit that cannot support a 30-year mortgage "has seen its better days" and "is not worth having". Interview: FHA Review Appraiser, Washington, D.C., Insuring Office, Mar. 11, 1970.

[103] Philadelphia FHA Cases Nos. 441-162941, 441-160438, and 441-165684.

[104] St. Louis Mortgagee Interview No. 1, Aug. 26, 1970.

[105] St. Louis Mortgagee Interview No. 2, Aug. 28, 1970.

One buyer reported that part of her house is being held up by a floor jack. (See Exhibit E.) The buyer had to delay moving into the house for 6 months while the seller made repairs. (FHA had estimated improvement costs of $600 at the time of the appraisal.) Even so, she had to spend an additional $400 for bathroom plumbing repairs after she took possession of the house.[107]

### Denver

Although most FHA appraisal remarks in Denver 235 files were complimentary, some indicated that the buyer would encounter some repair problems: [108]

> Subject needs redecorating on interior and minor maintenance is needed on exterior. Condition is good structurally, but home has been neglected.
>
> Subject shows much deferred maintenance and very hard wear. . . . No lawn in rear and very poorly maintained front lawn. Junk auto and miscellaneous scattered throughout rear and side yards. Interior extremely dirty, this taken into consideration when arriving at value.
>
> Subject in fair condition in and out, shows wear, exterior trimming, windows peeling. Putty missing, some screens missing. Front and rear screen doors broken, low foundation, a little seepage thru north fdn. wall, not serious; kitchen flooring worn out, counter top lino worn out, using contact paper some loose tile around tub, generally good landscaping, a little neglected, snow covered.

The Denver Department of Welfare discovered in March of 1969 that some welfare recipients were purchasing deteriorating houses under the 235 program. Since that time, department staff has been inspecting houses to be purchased by welfare recipients under the 235 program. Thomas Arnott, in charge of special services for the department, provided Commission staff with information on 42 welfare recipients whose prospective homes had been inspected by department staff. All of the units had been appraised by FHA and approved for FHA mortgage insurance. The welfare department found 12 of these units—more than one-fourth—to be substandard.[109]

One existing section 235 house in Denver was in such poor condition that, after closing, FHA allowed the house to be deeded back. An official of the Denver FHA Insuring Office told Commission staff that the house was later torn down because "it was too far gone to rehabilitate" and the office would sell the vacant land.[110]

Several Denver 235 buyers who were interviewed expressed dissatisfaction with their houses. One had to install a new sewer line because the old one had holes in it.[112] Another was having difficulty with the plumbing and the furnace. This furnace was inspected by the environmental health service of the city and county of Denver which informed the buyer that the furnace was dangerous and would blow up if turned on. The seller agreed to repair the furnace, but had not done so at the time of the interview. (August 5, 1970).[113]

### Little Rock

A Little Rock real estate broker who also serves as an FHA fee appraiser, told Commission staff that "buying a used house is like buying a used car—there is always a risk." [114] He asserted, however, that FHA makes sure needed repairs are made. He cited as an example that the agency always makes sure the heating is in working condition.[115]

One black Little Rock buyer, however, told Commission staff that her house does not and never did have any heat. Although there was a pilot light in a floor vent, the furnace was not in working order. After the buyer moved in, the gas company turned off the pilot light. During the winter of 1969, the buyer used a small portable electric heater and a kitchen stove to heat the three-bedrom house.[116]

The buyer also experienced other difficulties. The FHA file on this case contained the following appraisal comments:

> Dwelling is in very run-down condition, but required repairs should make property desirable. Roof and exterior paint is poor, interior walls and ceilings aren't good and not acceptable, floors are fair to good, kitchen base cabinets good but little room, upper cabinets, garage is good and has finished interior and electricity.

The buyer told Commission staff that the house had been painted but that, 3 months later when the paint began to peel, the painter and the broker informed her that this was no longer their responsibility.

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[106] Interview with staff, Legal Aid Society, St. Louis, Mo., Aug. 25, 1970. More than half the St. Louis 235 buyers interviewed by the St. Louis students had problems with their houses ranging from minor difficulties with cracked front steps and basement leakage to major defects such as exposed and faulty electrical wiring, inoperative furnaces, sagging ceilings, and antiquated wornout plumbing.

[107] St. Louis Buyer Interview No. 1, Aug. 25, 1970.

[108] Denver FHA Cases Nos.: 051-093430, 051-089352, 051-091188.

[109] Letter from Thomas Arnott, supervisor, Special Services, Denver Department of Welfare to U.S. Commission on Civil Rights, Oct. 7, 1970, and interview Denver Department of Welfare, Aug. 5, 1970.

[110] Interview, Denver FHA Insuring Office, Aug. 7, 1970.

[112] Denver Buyer Interview No. 9, Aug. 5, 1970.

[113] Denver Buyer Interview No. 10, Aug. 5, 1970.

[114] Little Rock Real Estate Broker Interview No. 2, Sep. 16, 1970.

[114] Little Rock Real Estate Broker Interview No. 2, Sept. 16, 1970.

[115] *Id.*

[116] Little Rock FHA Case No. 031-045277, Little Rock Buyer Interview No. 10, Sept. 16, 1970.

EXHIBIT E

# FOLLOW THESE SIMPLE DIRECTIONS:

1. When installing place the bottom plate on footing where Floor Jack is to be located.

2. Remove set screw from top of adjusting screw assembly, install top plate and replace set screw tightly.

3. Place head assembly into top of inside telescoping post.

4. Stand the outside telescoping post upright on base plate.

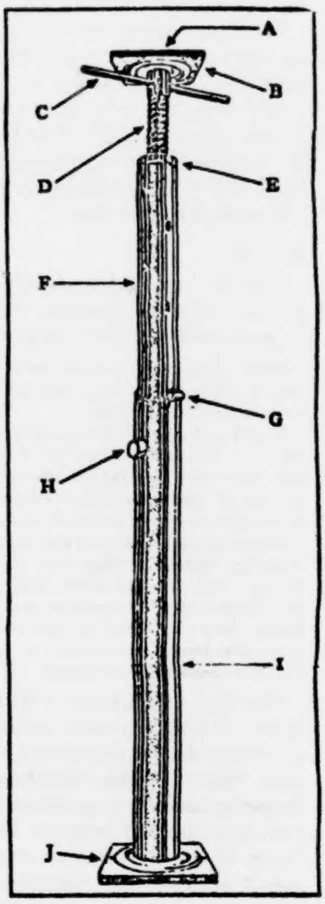
5. Insert the above complete with inside telescoping post into outside telescoping post and raise to beam. For maximum height plain end of small tube with no holes should be up. For minimum height invert small tube.

6. Place notched pin into nearest set of holes above top edge of outside telescoping post. Lower inside telescoping post and assembly to resting position.

7. Turn inside telescoping post until holes register through both posts and insert full round pin.

8. Insert handle. Turn screw upward until top plate is firm to beam or joist so that Jack is in proper vertical position. Fasten top plate to beam with suitable nails or screws, then proceed to turn handle until first desired lift is made.

9. Do not make complete desired lift at one time. To level sagged floors, use carpenter's level to do it gradually turning screw one-half turn each week. Too much turn, too often could cause dislocation of plaster. Take it easy . ... let the walls return to their normal position gently.



**NOTICE:** Never have more than 3¼ inches of thread showing above the top of adjusting nut. If more adjustment is needed, change location of pins in tubing to obtain proper height.

## REPAIR PARTS

| REF. LTR. | PART NO. | DESCRIPTION OF PART | WEIGHT |  | PRICE |
|---|---|---|---|---|---|
|  |  |  | LBS. | OZS. |  |
| A | 4-1 | Set Screw |  | 1 | ........ |
| B | 4-2 | Top Plate | 2½ |  | ........ |
| C | 4-3 | Handle | 1 |  | ........ |
| D | 4-5 | Adjusting Screw | 4 |  | ........ |
| E | 4-6 | Adjusting Nut | 1 |  | ........ |
| F | -7 | Inner Tube | 12 |  | ........ |
| G | 4- | Top Pin |  | 8 | ........ |
| H | 4- | Bottom Pin |  | 8 | ........ |
| I | 4-10 | Outer Tube | 13 |  | ........ |
| J | 4-11 | Bottom Plate | 2½ |  | ........ |

ted in U. S. A.

Another black 235 buyer in Little Rock said he "didn't know you could get a good house under the program." The house purchased by this family is infested with roaches and the front yard is gradually washing into the street. The plumbing is old and has already been repaired by the buyer.[117] The FHA file on this case contained the following appraisal comments:

> Poor condition: No kitchen cabinets, walls and ceilings in poor condition. Floors poor. Exterior fair. Needs complete redecorating, bath fixtures are old style. No decorations considered. Value estimated as is."

## Speculators

The activities of real estate speculators [118] in the 235 program have received wide publicity.[119] In fact, some houses in the Commission's sample had been sold by speculators.

Speculation seemed to be more prevalent in Philadelphia and St. Louis than in the other two areas. A January 1970 Commission Staff Report on Housing in St. Louis found that 29 percent of existing section 235 houses in the St. Louis sample had been sold by the same person, identified by FHA as a "speculator".[120] At least four individual sellers in the Philadelphia 235 buyer sample were found by Commission staff to be speculators.

Houses sold by speculators, however, appeared to be of equal quality to houses in the same price range sold by other owners. For example, one black Philadelphia 235 buyer purchased her house for $7,300 in March 1970 from a speculator who had paid $3,800 for it 2 months earlier. The buyer found no defects in the house and was very pleased with her purchase. She pointed out that the house had been papered and painted and a new garbage disposal had been installed before she moved in.[121]

In some cases, however, houses sold by speculators have had serious defects. One black Philadelphia 235 buyer purchased her house from a speculator for $5,500 in March 1970. The speculator had paid $2,000 for it in November 1969. The buyer has had problems with the plumbing and with vermin. In addition, between the time the buyer made her downpayment and the time she moved in, the house was vandalized. Rugs and walls were torn up, light fixtures were pulled down and the kitchen sink, pipes, and linoleum were removed. As of July 17, 1970, the speculator still had not completed the repairs which he had only reluctantly agreed to do. This was the only house which the buyer had been shown by the speculator/broker and she now regrets she bought it.[122]

In other cases, despite defects, buyers were still satisfied with their houses. For instance, another black Philadelphia 235 buyer paid $12,000 for her house which had been purchased by a speculator for $7,500 in the same month (March 1970). Although the cellar leaked badly and was filled with water, this buyer was also pleased with her house. She had formerly rented a house that had been rehabilitated by the "redevelopment people". The house was located, she said, "in a very bad neighborhood." The buyer selected her 235 house because it was "in a better neighborhood" and the "schools are good".[123]

## The Predicament of the 235 Buyer

It is not difficult to understand why some 235 buyers are purchasing existing houses which have serious defects. Minority home seekers traditionally have had little alternative to inferior housing. As a study for the President's Committee on Urban Housing pointed out:

> The nonwhite population has not, as a general rule, been afforded the same access to adequate housing regardless of income.[124]

In addition, many of the buyers, especially welfare recipients with children, are desperate to escape from inadequate living quarters. Housing under the 235 program, even with defects and at inflated prices, represents a substantial improvement.

Many of the families surveyed by the Commission had female heads of households. This was particularly so in St. Louis and Philadelphia where the houses purchased under the program were oldest and cheapest. In these cities, more than seven of every 10 families in the sample were headed by women.[125]

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[117] Little Rock Buyer Interview No. 1, Sept. 14, 1970, and Little Rock FHA Case No. 031-042287.

[118] A speculator purchases real estate properties for the purpose of reselling them quickly at a profit.

[119] "Sixty Minutes", CBS Television, Jan. 5, 1971.

[120] Hearing in St. Louis, Mo. Before the U.S. Commission on Civil Rights, Exhibit No. 21, 559, (1970).

[121] Philadelphia FHA Case No. 441-163229; Sale Price January 1970, the Philadelphia Metropolitan Real Estate Directory; *supra* note 91.

[122] Philadelphia FHA Case No. 441-166694; Sale Price November 1969. The Philadelphia Metropolitan Real Estate Directory; Philadelphia Buyer Interview No. 7, July 17, 1970.

[123] Philadelphia FHA Case No. 441-165691; Speculator Sales Price, the Philadelphia Metropolitan Real Estate Directory; *supra* note 93.

[124] President's Committee on Urban Housing, Technical Studies, vol. II, (1968), at 227.

[125] In Philadelphia, 47 of the 61 families were headed by women; in St. Louis, 56 of the 79 families were headed by women. One-third of the Denver families (21 out of 64) and one out of every 10 families in Little Rock (8 out of 82) were also headed by women.

In addition, in Philadelphia and St. Louis a large number of families received public assistance. In fact, more than half the families in these cities received public assistance, primarily under the program of Aid to Families with Dependent Children.[126]

These families tend to be those most desperately in need of housing. They also tend to be most susceptible to speculators and unscrupulous real estate brokers. Dr. George Sternlieb, author of "The Tenement Landlord," describes the type of housing market which is open to these families: [127]

> The market realities of central city real estate all too frequently are very grim. And what this means, by the way, also is the fact that we have structures standing for which there is no economic justification, because the owner of that structure knows doggone well that if he clears the land it is worth even less. As long as the shell remains he can sort of hope and pray that someday somebody will be desperate enough to move in.

A staff member of the St. Louis Urban League put it this way: [128]

> Sure, people know they are being cheated. They half-way expect to be cheated and they don't look a gift horse in the mouth. It's all relative anyway, if you've got nothing and you get something—or nearly nothing—for the same price, you take it.

## Abuses in New Housing

Although new construction units were of higher quality than existing 235 units, they were not without problems ranging from minor to massive.

One Denver buyer has had difficulty with the drainpipe when it rains and has had settlement in the backyard.[129] Another Denver buyer claimed his house was poorly constructed generally and that he had received no satisfaction after complaining to the builder.[130] A Little Rock buyer complained that his house had been constructed from salvage materials.[131] Another Little Rock buyer had a faulty garbage disposal.[132]

The most serious complaints regarding the quality of new 235 houses came from residents of a predominantly black urban renewal area in St. Louis County. Here, the purchasers have not fared as well as their counterparts in Little Rock and Denver in obtaining quality housing.

The residents, who have formed themselves into neighborhood grievance committees, complained of such problems as roofs leaking, rocky yards, and inadequate landscaping, no tile around shower area and consequent softening plaster, crossties instead of proper back steps, unpaved driveways, water in basements necessitating pumping into the backyards, plastic instead of wire screens, and unfinished basements.[133]

Several of these residents told Commission staff that they had written to the builder and FHA in an unsuccessful effort to remedy some of the defects in their houses.[134]

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[126] In St. Louis, 43 out of 70 families (54 percent) received public assistance; in Philadelphia, 32 out of 61 families (52 percent) received public assistance. Five families in the Denver sample received public assistance (five out of 64). No family in Little Rock received public assistance. There the level of public assistance is too low for a family to qualify for sec. 235 assistance. Most of the families on public assistance also had income from other sources such as wages and child support. (Families who received social security benefits in addition to wages or other income were not considered as public assistance recipients.)

[127] "Hearings on Housing and Urban Development Legislation—1968 Before the Housing and Urban Affairs Subcommittee of the Senate Banking and Currency Committee," 90th Cong., second session, at 138 (1968).

[128] Interview-Staff, Operation Equality, St. Louis Urban League, Aug. 25, 1970.

[129] *Supra* note 78

[130] *Id.*

[131] Little Rock Buyer Interview No. 7, Sept. 15, 1970.

[132] Little Rock Buyer Interview No. 16, Sept. 17, 1970.

[133] Interview, St. Louis Buyer Interviews Nos. 2, 3, and 4, Aug. 25, 1970.

[134] *Id.*

## PART II

# SUMMARY

Measured only by the extent of minority participation in the four metropolitan areas studied, the 235 program is proving a success. In each of these areas, minority families are participating in larger proportions than they represent in the overall population.

Measured by the quality of most housing purchased by 235 buyers, the program also is proving to be successful. In some cases, particularly with respect to existing housing, the housing has been of poor quality. In addition, instances in which speculators have profited under the program at the expense of lower-income buyers have come to the attention of the Commission. But only in a minority of cases have abuses been found under the program. Moreover, they are not unique to it. The same problems and abuses have been found in connection with other FHA-insured programs as well—those not involving subsidies for the poor.

The success of the program, however, cannot be judged solely by reference to the number of units minority and majority buyers are purchasing, nor by the quality of housing being provided. Also important is the impact the program is having on the problem of residential segregation. By this standard, the program is not yet succeeding.

Participation in the 235 program has taken place along rigid racial lines. Most new 235 units are being located in suburban areas and are being purchased largely by white buyers, while most existing units are being located in innner-city ghetto areas or "changing" neighborhoods and are being purchased largely by minority buyers. In those cases where minority 235 buyers are purchasing new suburban housing, it is usually located in subdivisions reserved exclusively for them.

In addition, houses purchased by minority buyers tend to be older, cheaper, and smaller than houses purchased by majority buyers and, therefore, minority buyers are most likely to be overcrowded, to receive smaller subsidies, and to have shorter mortgage terms than majority 235 buyers. Hence, the program, instead of opening up new housing opportunities for minority buyers outside areas of traditional minority residence and reversing the trend toward racial separation, is contributing toward perpetuating and intensifying the familiar pattern of racially separate and unequal housing.

The chapters that follow will analyze the role that each of the various groups involved in the 235 program has played in shaping the pattern of segregated participation that has emerged.

## PART III

# THE ANATOMY OF SEGREGATION IN 235 HOUSING

There are at least two reasons why the pattern of housing under the 235 program might be expected to depart from the traditional one of racial segregation.

First, 235 housing is subject to a variety of laws providing civil rights guarantees: the program was established after passage of the first national fair housing law, Title VIII of the Civil Rights Act of 1968, which prohibits discrimination or segregation in the sale or rental of housing and in the financing of housing. Further, it directs the Secretary of HUD to administer all programs relating to housing and urban development so as to carry out the purposes of Title VIII—fair housing throughout the United States. In addition, since the 235 program involves Federal assistance by way of a subsidy as well as mortgage insurance, it is covered by Title VI of the Civil Rights Act of 1964, which prohibits discrimination or segregation in programs or activities receiving Federal loans or grants. The program also is subject to the nondiscrimination requirements of the Executive order on equal opportunity in housing.

Second, housing under the program serves families who, by statute, all must be in the same low- to moderate-income range. By the same token, all housing, whether new or existing, whether suburban or inner-city, must be, again by statute, in the same moderate-price range. Thus the traditional economic rationale often advanced to explain the separate housing markets for white and minority families has no application here. All program participants are in the same income range and all housing under the program, new and old, suburban and inner-city, is equally within the means of eligible families.

Nonetheless, as the previous chapter has shown, the traditional segregated pattern is being repeated under the 235 program. Buying patterns under this program have mirrored the buying patterns in the housing market at large, with new suburban housing going to white families while older inner-city housing is going to minority families.

Why has this happened? In an effort to answer this question, the Commission has examined the role of the various groups involved—industry, government, private civil rights and community groups, and buyers themselves. Each has played a part in producing the final unequal, segregated product.

## CHAPTER I

# THE ROLE OF THE PRIVATE HOUSING AND HOME FINANCE INDUSTRY

Commission staff found that the major responsibility for informing the public of the existence of the Section 235 program fell upon members of the real estate industry. Local Federal Housing Administration Insuring Offices did not advertise the 235 program nor did they seek out potential eligible buyers. Rather, they informed participants in the real estate industry—brokers, builders, and mortgage lenders—of the terms of the program and waited for them to bring in applicants for 235 mortgages. Even this was not done in an organized or systematic manner. Rather, depending upon the decision of individual FHA Insuring Office Directors, information was provided to the industry by such means as conferences, written instructions, or informal conversations. Real estate brokers and builders who wished to utilize Section 235 financing sought out potential 235 buyers themselves and told them about the new homeownership opportunity.

### Real Estate Brokers and Existing Houses

FHA's decision to administer the 235 program by waiting for real estate brokers to present them with applicants for 235 mortgages placed the brokers in a unique position. As one St. Louis broker put it, "The 235 program has made us social workers."[1] In fact, brokers have been in the position of making key decisions on how this aspect of the program would operate. The brokers reacted to this responsibility in various ways.

### Reluctant Brokers

Many brokers who did not customarily deal with low-income families shunned the program and refused to handle buyers who wanted to finance their homes with Section 235 mortgages. For example, one white suburban Philadelphia buyer, who had read an article about the 235 program in a Philadelphia newspaper, went to 20 different brokers before she found one who was willing to handle her application.[2]

Brokers have expressed reluctance to sell houses under this program because 235 buyers are not allowed to pay closing costs.[3] This means that closing costs must be paid by the seller, whom the broker represents. One Philadelphia broker said that because of this: "Brokers only sell under 235 when they can't find another buyer—only the really crummy houses, the lemons, are sold under 235."[4] A St. Louis broker told Commission staff: "In all the good areas where there are nice houses, the seller won't pay closing costs. If a seller's in trouble with his house, he'll take 235 buyers."[5]

Some brokers are also reluctant to participate because they cannot be sure 235 funds will be available once buyers and sellers have agreed on a purchase. Many brokers told Commission staff that they originally were enthusiastic about the program, but that erratic funding had caused them to stop accepting 235 buyers.[6] They claimed that it was expensive and inconvenient to hold a house off the market until section 235 funds became available, and they had lost sales when 235 money "dried up". A Denver broker told Commission staff: "I lost 28 cases when the money ran out with 1 day's notice." [7] Another Denver broker said she had had three houses ready for closing [8] under 235 a year earlier, "but then the program ran out of funds so I said to heck with that." [9] A Philadelphia broker who had sold approximately 25 section 235 houses said he gave orders to his salesmen not to accept any more 235 buyers because of the uncertainty of the funds. He said that when funds became available again "I'll get back in the program, but I won't tie up my prime listings in case the funds run out again." [10] A St. Louis member of the National Association of Real Estate Brokers, the trade association for black brokers, complained that the uncertain funding of the 235 program favors speculators. He wrote a letter to FHA Commissioner Eugene Gulledge saying: [11]

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[1] St. Louis Broker Interview No. 1, Aug. 26, 1970.

[2] Philadelphia Buyer Interview No. 10, Dec. 8, 1970.

[3] Closing costs are the costs involved in conveying property title from seller to buyer and include such items as fees for preparation of the abstract, examination of title, preparation of deed, and taxes on the property exchange. Theoretically the closing costs are estimated by FHA appraisers and added to the appraised value of the house to comprise the total value upon which FHA bases its mortgage—the FHA-set sale price. Real estate brokers in Philadelphia, Denver, and St. Louis told Commission staff that FHA frequently underestimates the amount of the closing costs and that it is customary in their cities for the seller to receive the full sale price (FHA value) and require the buyer to pay the closing costs as well, thus requiring the buyer to pay the closing costs twice. (This practice is not followed in Little Rock, Ark.) FHA does not allow 235 buyers to invest more than the required downpayment unless the excess funds are applied toward prepaid items such as property taxes and fire insurance. Therefore, the 235 buyer, even if he has the money available, cannot pay the double closing costs.

[4] Philadelphia Broker Interview No. 1, July 16, 1970.

[5] St. Louis Broker Interview No. 2, Aug. 27, 1970.

> At the present time this office has paid more than one thousand ($1,000) dollars for credit reports and FHA appraisals without closing the transactions. Apparently ownership of the land is the key to getting 235 applications approved under the present FHA guidelines. While listing agents are waiting for available funds their contracts become delinquent dated contracts. This situation favors the speculators who in most cases have no interest in the neighborhood or the people they represent: as a result many people are moved from one substandard home to another substandard home, the speculator making more than a reasonable profit.

Brokers also complained to Commission staff that the 235 program is too complicated and that FHA has changed the rules so often that they can hardly understand the program themselves, much less explain it to buyers. A Denver broker said: "It's such a hodge-podge. I wish we had more information. I've tied up several houses and then found out the buyers weren't eligible under the program." [12] A Philadelphia broker, who claimed to be the first in the city to sell under 235, told Commission staff that in his opinion, "there isn't a broker around who knows the formula and can predict the amount of the subsidy." He said he feels every 235 buyer should be counseled and given a chart which shows prices, monthly costs, and income limits so they could present the chart to the broker when they came in to look for a house. "It is unfair to give a broker this responsibility. The program is too complicated." [13]

### Participating Brokers

Some brokers, particularly those who also speculate in residential property, saw the 235 program as a golden opportunity to make money. A salesman for a St. Louis broker who, as a speculator, sold 29 percent of the houses in the Commission's St. Louis sample, told staff members that his firm had mailed out about 12,000 post cards to potential 235 buyers after the program began. Even after 235 funds for the St. Louis area had been exhausted, 3,000 additional cards had been prepared for use when the funds became available again. (See Exhibit F, p. 47.) Many of the post cards went to public housing tenants [14] and most of the recipients were black.[15]

Some brokers commented on how easy it was to sell a house to a 235 buyer. A Denver saleswoman said: "We write up the contract before they even see the house—that's how easy they are to sell." [16] Another Denver saleswoman said that: "The 235 buyer will buy literally anything." [17] A Philadelphia broker, who was also a speculator, said that many of his applicants lived in public housing and that "compared to where they're coming from, they want whatever I show them." [18]

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[6] Congress has funded the 235 program in bits and pieces. The first funds ($25 million) were appropriated in October 1968. The second appropriation ($45 million) was made in July 1969. Funds for fiscal year 1970 ($90 million) were not appropriated until November 1969. Then appropriations for fiscal year 1971 ($130 million) were vetoed by the President and reappropriated ($130 million) in December 1970. The erratic funding referred to by real estate brokers is not just a product of sporadic congressional funding but the result of internal FHA policies. Originally FHA funds were allocated to local insuring offices on a need/cost formula basis. But some offices were able to use the funds quickly and some were not. FHA began reallocating funds on the basis of use and shifted funds around from office to office on a request basis. Then in the spring of 1970, production of new 235 houses increased and FHA set an administrative limit of 10 percent on the amount of funds to be used for existing houses which have not been rehabilitated under sec. 235(j). The net result of these improvisational policies has been that Insuring Offices have been unsure, from month to month, of the number of 235 applications they would be able to accept for existing houses.

[7] Denver Broker Interview No. 2, Aug. 5, 1970.

[8] Closing is the term used to denote the signing of the papers which convey the property title from seller to buyer.

[9] Denver Broker Interview No. 7, Aug. 6, 1970.

[10] Philadelphia Broker Interview No. 3, July 15, 1970.

[11] Letter from Hezekiah Lewis, Jr., Missouri Realty and Company, to Eugene Gulledge, Assistant Secretary of Housing Production and Mortgage Credit, FHA Commissioner, Mar. 18, 1970.

[12] Denver Broker Interview No. 1, Aug. 2, 1970.

[13] Philadelphia Broker Interview No. 4, July 17, 1970.

[14] Over one-fourth of the 235 buyers in the St. Louis sample formerly resided in public housing projects in the City of St. Louis.

[15] *Supra* note 5.

[16] Denver Broker Interview No. 4, Aug. 5, 1970.

[17] Denver Broker Interview No. 8, Aug. 6, 1970.

[18] Philadelphia Broker Interview No. 2, July 15, 1970.

**EXHIBIT F**

## HAVE YOU HEARD THE NEWS?

Several of your neighbors have become home owners because of the

## NEW FHA PROGRAM.

If you are receiving:

(1) ADC or

(2) Social Security or

(3) Have 5 or more minor children or

(4) Live in a project

You can afford a newly decorated home with nice yard for your family.

Your house payment is figured on what your income is now.

## YOUR SATISFIED NEIGHBORS ARE OUR BEST RECOMMENDATION

## FOR MORE INFORMATION CALL EVENINGS:

## THESE ARE GOVERNMENT APPRAISED, VACANT, CLEAN BUILDINGS.

Other brokers, however, complained that 235 buyers are too choosey, considering the fact that they are getting a Federal subsidy. One Philadelphia salesman went so far as to say that such buyers were more particular than nonsubsidized buyers. He told Commission staff: "I've shown properties to 235 buyers who turned them down and then sold the same property the next day to a regular unsubsidized buyer." [19] A Denver broker complained that: "Some 235 buyers think they can buy any house." [20]

Nearly all brokers agreed that the typical 235 buyer had, at best, only a dim understanding of how the program works. Despite the fact that they were often the primary contact and source of information for 235 buyers, few brokers felt obliged to enlighten them any more than was necessary to complete the sale.

For example, a Denver saleswoman who had sold five section 235 houses told Commission staff that: "The buyers don't understand that their income will be reevaluated in 2 years. They're too dumb to ask about something like that." [21] A Denver broker who has also done rehabilitation work under section 221 (h) said that: "The buyers just don't understand the program. They don't realize they own the house; they think they are still renting. If anything goes wrong with the house, they call the broker and ask him to fix it." [22] A Philadelphia broker told Commission staff that most of his 235 buyers were on public assistance. He said: "They don't know there's a lien [23] on their property. We could tell them but it's not our ball game. It should be up to their caseworker to tell them." [24]

Many brokers said that, even when asked, they were unable to tell the 235 buyers what their monthly payment would be or the amount of their subsidy since they did not know the figures themselves. Some brokers attempted to estimate the payment amount. Others sent the buyers to the mortgage companies to learn the terms in advance. Many brokers said that the buyers learned the amount of their monthly payments at the closings. In one case, a Philadelphia buyer did not learn that she would not receive a 235 subsidy until she went to the closing; the broker who sold her the property said he thought the mortgage company had notified her that she was ineligible for 235 assistance. An employee of the mortgage company said he had called the broker and asked him to notify the seller.[25]

While these attitudes and perceptions of brokers go far toward explaining the purchase of inferior housing by some Section 235 buyers, they do not explain the difference in housing quality for majority and minority buyers or the segregated buyer patterns observed by Commission staff. The patterns are the product of a more basic and widespread problem.

### Real Estate Brokers and the Separate Housing Markets

Nearly all brokers interviewed by Commission staff were convinced of one thing—minorities, particularly lower-income minorities, do not want to move into predominantly white areas. In every metropolitan area surveyed, Commission staff was assured by broker after broker that minority 235 buyers desired to live in minority neighborhoods. For example, a Little Rock broker told Commission staff:

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[19] *Supra* note 13.

[20] *Supra* note 12.

[21] *Supra* note 17.

[22] Denver Broker Interview No. 9, Aug. 6, 1970.

[23] The State of Pennsylvania records a lien against the property of public assistance recipients. The first judgment is for $2,000. As the recipient continues to receive public assistance, additional judgments of $2,000 are added. There is no record of liens by type of ownership so the State was unable to furnish information on the number of sec. 235 properties on which the State of Pennsylvania has a claim. Telephone conversation, Claims Settlement Office, State Department of Welfare, Harrisburg, Pa., Oct. 16, 1970.

[24] *Supra* note 10.

[25] *Supra* note 13, and Philadelphia Mortgagee Interview No. 1, June 17, 1970.

> I just get the feeling that colored people want to live in colored neighborhoods. They don't want to be isolated with no colored neighbors.[26]

A Denver broker said:

> Seventy-five percent of my 235 applicants are minorities. Half are black and half are Hispano. The Hispanos are forming a political bloc and they don't want to disperse. And no black 235 buyers want to move out of black areas.[27]

Another Denver broker gave his view of upward mobility in the black community:

> All our black buyers want to move to Park Hill. Moving to Park Hill is a status thing—it's moving up in black society.[28]

A Philadelphia broker distinguished between different types of black applicants:

> The 235 applicants want to buy houses in the areas where they live—unless they're fancy colored and then they go to West Oak Lane.[29]

Thus, the separate housing market for minority buyers, as perceived by brokers, leads to broker specialization. Most of the real estate brokers interviewed by the Commission staff identified themselves as serving a specific racial or ethnic group in a racially or ethnically identifiable area.

For example, one white Little Rock broker candidly explained that he serves black applicants in "changing" neighborhoods.

> My business is with the Negro people. I deal mostly with that type property—with older property. I concentrate on areas where white people are moving away and blacks are buying.[30]

Another white Little Rock broker told Commission staff that he serves the black market because it is profitable. He explained:

> There is a real demand for houses by black people. Many of the people living in the projects want to move out. I saw the need for someone to take that market and I got into the business. I only work with low-price houses.[31]

Brokers in the three northern metropolitan areas operated in similar fashion. For example, a white Philadelphia broker, located in the ghetto, said simply: "My listings and clientele are black." [32] Another white Philadelphia broker whose office is located in the Germantown area said: "My area is a changing neighborhood. Most of my buyers are black or Puerto Rican." [33] A white Denver broker told Commission staff: "The majority of our clients are black and Park Hill is our area. We work it strongly." [34]

Some black brokers interviewed by Commission staff saw black buyers and black areas as their rightful province. A black St. Louis broker responded indignantly when asked if he showed suburban listings to his applicants:

> I understand their needs. They need to stay in the city. There is nothing for poor families in the suburbs. They shouldn't have too big a house because the larger the house, the more the heat costs. In addition, taxes are higher in the suburbs. It's up to the practitioners to determine the right location for the family.[35]

A black Little Rock broker spoke critically of white brokers who sell to black clients. He said they canvass neighborhoods looking for customers and sometimes they call him to find out if he has "any houses available for blacks." He said: "We can sell all our houses ourselves." He added, however, "Sometimes we do cooperate with white Realtors who can't get rid of their houses." [36]

### Advertising Practices of Real Estate Brokers

Many real estate brokers direct their advertisements toward the racial or ethnic market which they desire to serve. The most blatantly discriminatory advertising was found in Little Rock, Ark. There, the following ad was printed in an early 1970 issue of the Arkansas Gazette, and was placed by the broker who told Commission staff his business was "with Negro people".

> **SOLD**
>
> We urgently need listings on older homes under $15,000, especially in mixed neighborhoods. We sold 68 of these properties in 1969 and have a prospect for every one we list.[37]

In Little Rock, many advertisements begin with the word, "Anyone," or with the phrase, "Anyone May Buy." (See Exhibit G) The following ads are typical:

> **ANYONE—4 BEDRMS.**
>
> Completely remodeled inside and out on full corner lot. A bargain at $12,500. Only $400 down FHA. Walk to Central High.[38]

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[26] Little Rock Broker Interview No. 2, Sept. 15, 1970.

[27] *Supra* note 7.

[28] *Supra* note 16.

[29] *Supra* note 18.

[30] Little Rock Broker Interview No. 6, Sept. 17, 1970.

[31] Little Rock Broker Interview No. 4, Sept. 16, 1970.

[32] *Supra* note 18.

[33] *Supra* note 10.

[34] Denver Broker Interview No. 6, Aug. 5, 1970.

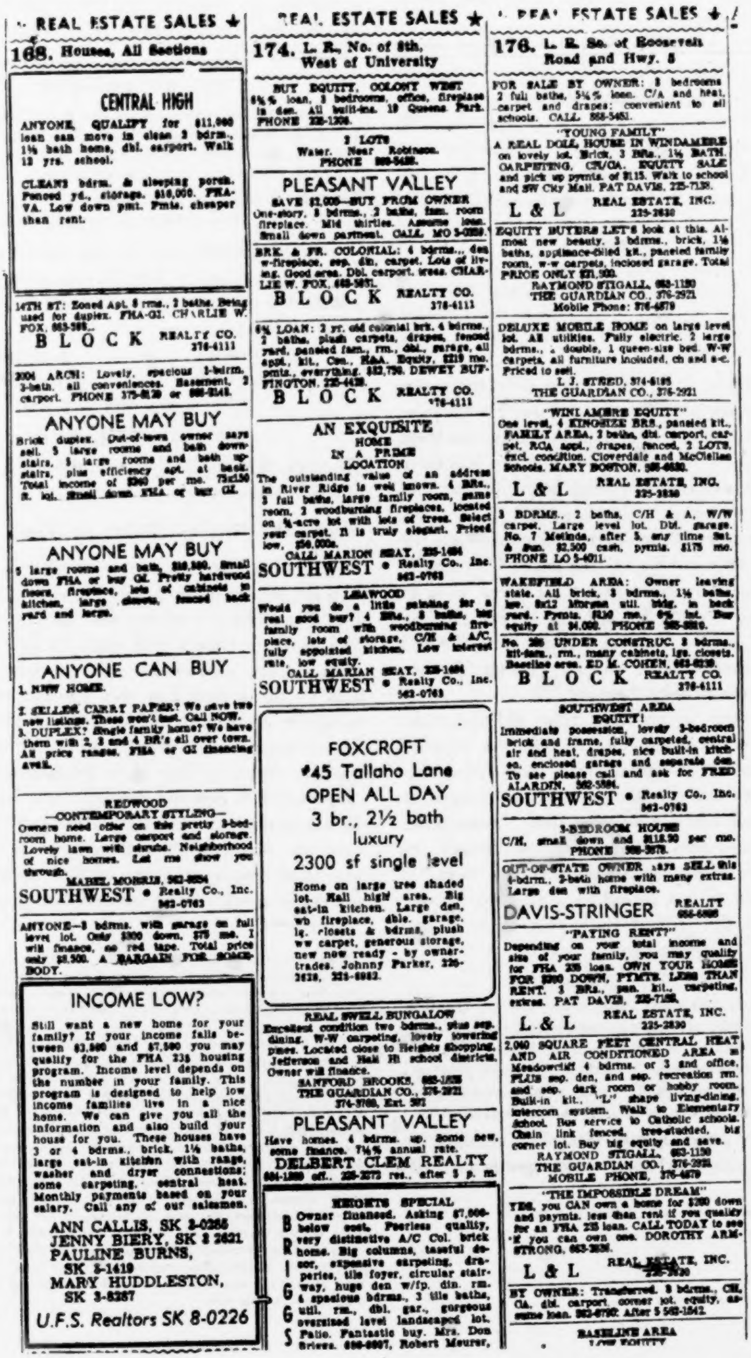
[35] *Supra* note 1.

[36] Little Rock Broker Interview No. 1, Sept. 15, 1970.

[37] Arkansas Gazette, early 1970.

[38] Arkansas Gazette, fall 1970. Central High is over one-third black and is surrounded by "changing" neighborhoods.

**EXHIBIT 6**



REAL ESTATE SALES ★

### 168. Houses, All Sections

**CENTRAL HIGH**

ANYONE, QUALIFY for $11,000 loan can move in clean 3 bdrm., 1½ bath home, dbl. carport. Walk 12 yrs. school.

CLEAN 3 bdrm. & sleeping porch. Fenced yd., storage. $10,000. FHA-VA. Low down pmt. Pmts. cheaper than rent.

14TH ST: Zoned Apt. 8 rms., 2 baths. Being used for duplex. FHA-GI. CHARLIE W. FOX, 663-585..

**BLOCK** REALTY CO. 376-4111

2004 ARCH: Lovely, spacious 1-bdrm, 1-bath, all conveniences. Basement, 2 carport. PHONE 375-8120 or 666-2148.

**ANYONE MAY BUY**

Brick duplex. Out-of-town owner says sell. 5 large rooms and bath downstairs, 5 large rooms and bath upstairs, plus efficiency apt. at back. Total income of $360 per mo. 75x150 ft. lot. Small down FHA or buy GI.

**ANYONE MAY BUY**

5 large rooms and bath, $10,500. Small down FHA or buy GI. Pretty hardwood floors, fireplace, lots of cabinets in kitchen, large closets, fenced back yard and large.

**ANYONE CAN BUY**

1. NEW HOME.
2. SELLER CARRY PAPER? We have two new listings. These won't last. Call NOW.
3. DUPLEX? Single family home? We have them with 2, 3 and 4 BR's all over town. All price ranges. FHA or GI financing avail.

REDWOOD
—CONTEMPORARY STYLING—
Owners need offer on this pretty 3-bedroom home. Large carport and storage. Lovely lawn with shrubs. Neighborhood of nice homes. Let me show you through.

MABEL MORRIS, 562-8854
**SOUTHWEST** • Realty Co., Inc. 562-0763

ANYONE—3 bdrms. with garage on full level lot. Only $300 down, $75 mo. I will finance, no red tape. Total price only $8,500. A BARGAIN FOR SOMEBODY.

**INCOME LOW?**

Still want a new home for your family? If your income falls between $3,800 and $7,500 you may qualify for the FHA 235 housing program. Income level depends on the number in your family. This program is designed to help low income families live in a nice home. We can give you all the information and also build your house for you. These houses have 3 or 4 bdrms., brick, 1½ baths, large eat-in kitchen with range, washer and dryer connections; some carpeting, central heat. Monthly payments based on your salary. Call any of our salesmen.

ANN CALLIS, SK 2-0265
JENNY BIERY, SK 3 2621
PAULINE BURNS, SK 8-1619
MARY HUDDLESTON, SK 3-8287

*U.F.S. Realtors SK 8-0226*

REAL ESTATE SALES ★

### 174. L. R., No. of 8th, West of University

BUY EQUITY, COLONY WEST 6¾% loan, 3 bedrooms, office, fireplace in den. All built-ins. 19 Queens Park. PHONE 225-1206.

2 LOTS
Water. Near Robinson.
PHONE 888-5488.

**PLEASANT VALLEY**

SAVE $2,000—BUY FROM OWNER
One-story, 3 bdrms., 2 baths, fam. room fireplace. Mid thirties. Assume loan. Small down payment. CALL MO 3-0389.

BRK. & FR. COLONIAL: 4 bdrms., den w-fireplace, sep. din., carpet. Lots of living. Good area. Dbl. carport, trees. CHARLIE W. FOX, 663-5851.

**BLOCK** REALTY CO. 376-4111

6% LOAN: 2 yr. old colonial brk. 4 bdrms., 2 baths, plush carpets, drapes, fenced yard, paneled fam., rm., dbl., garage, all appl., kit., Cen., H&A. Equity, $219 mo. pmts., everything $32,750. DEWEY BUFFINGTON, 225-4428.

**BLOCK** REALTY CO. 376-4111

AN EXQUISITE
HOME
IN A PRIME
LOCATION

The outstanding value of an address in River Ridge is well known. 4 BRs., 3 full baths, large family room, game room, 2 woodburning fireplaces, located on ¾-acre lot with lots of trees. Select your carpet. It is truly elegant. Priced low, $50,000s.

CALL MARION SEAY, 225-1684
**SOUTHWEST** • Realty Co., Inc. 562-0763

LEAWOOD
Would you do a little painting for a real good buy? 4 BRs., 2 baths, big family room with woodburning fireplace, lots of storage, C/H & A/C, fully appointed kitchen. Low interest rate, low equity.

CALL MARIAN SEAY, 225-1684
**SOUTHWEST** • Realty Co., Inc. 562-0763

**FOXCROFT**
**#45 Tallaho Lane**
**OPEN ALL DAY**
**3 br., 2½ bath**
**luxury**
**2300 sf single level**

Home on large tree shaded lot. Hall high area. Big eat-in kitchen. Large den, wb fireplace, dble. garage, lg. closets & bdrms, plush ww carpet, generous storage, new now ready - by owner-trades. Johnny Parker, 225-2828, 223-6982.

REAL SWELL BUNGALOW
Excellent condition two bdrms., plus sep. dining. W-W carpeting, lovely towering pines. Located close to Heights Shopping, Jefferson and Hall Hi school districts. Owner will finance.

SANFORD BROOKS, 663-1535
THE GUARDIAN CO., 376-2921
374-3760, Ext. 387

**PLEASANT VALLEY**

Have homes. 4 bdrms. up. Some new, some finance. 7¼% annual rate.

**DELBERT CLEM REALTY**
664-1289 off., 225-2273 res., after 5 p. m.

HEIGHTS SPECIAL

**BRIGGS**

Owner financed. Asking $7,000 below cost. Peerless quality, very distinctive A/C Col. brick home. Big columns, tasteful decor, expensive carpeting, draperies, tile foyer, circular stairway, huge den w/fp. din. rm. 4 spacious bdrms., 3 tile baths, util. rm., dbl. gar., gorgeous oversized level landscaped lot. Patio. Fantastic buy. Mrs. Don Briggs. 666-6607, Robert Meurer,

REAL ESTATE SALES ★

### 176. L. R. So. of Roosevelt Road and Hwy. 5

FOR SALE BY OWNER: 3 bedrooms 2 full baths, 5¼% loan. C/A and heat, carpet and drapes: convenient to all schools. CALL 888-5451.

"YOUNG FAMILY"
A REAL DOLL HOUSE IN WINDAMERE on lovely lot. Brick, 3 BRs., 1½ BATH. CARPETING, CH/CA. EQUITY SALE and pick up pymts. of $115. Walk to school and SW City Mall. PAT DAVIS, 225-7138.

**L & L** REAL ESTATE, INC. 225-2830

EQUITY BUYERS LET'S look at this. Almost new beauty. 3 bdrms., brick, 1½ baths, appliance-filled kit., paneled family room, w-w carpets, inclosed garage. Total PRICE ONLY $21,500.

RAYMOND STIGALL, 663-1130
THE GUARDIAN CO., 376-2921
Mobile Phone: 376-4879

DELUXE MOBILE HOME on large level lot. All utilities. Fully electric. 2 large bdrms., 1 double, 1 queen-size bed. W-W carpets, all furniture included, ch and a-c. Priced to sell.

L. J. STEED, 374-6185
THE GUARDIAN CO., 376-2921

"WINDAMERE EQUITY"
One level, 4 KINGSIZE BRS., paneled kit., FAMILY AREA, 2 baths, dbl. carport, carpet, RCA appl., drapes, fenced, 2 LOTS, excl. condition. Cloverdale and McClellan Schools. MARY BOSTON, 565-6530.

**L & L** REAL ESTATE, INC. 225-2830

3 BDRMS., 2 baths, C/H & A, W/W carpet. Large level lot. Dbl. garage. No. 7 Melinda, after 5, any time Sat. & Sun. $2,500 cash, pymts. $175 mo. PHONE LO 5-4011.

WAKEFIELD AREA: Owner leaving state. All brick, 3 bdrms., 1½ baths, lge. 8x12 Morgan util. bldg. in back yard. Pymts. $130 mo., 6% int. Buy equity at $4,000. PHONE 565-8810.

No. 286 UNDER CONSTRUC. 3 bdrms., kit-fam., rm., many cabinets, lge. closets. Baseline area. ED M. COHEN, 663-6239.

**BLOCK** REALTY CO. 376-4111

SOUTHWEST AREA
EQUITY!
Immediate possession, lovely 3-bedroom brick and frame, fully carpeted, central air and heat, drapes, nice built-in kitchen, enclosed garage and separate den. To see please call and ask for FRED ALARDIN, 562-5884.

**SOUTHWEST** • Realty Co., Inc. 562-0763

3-BEDROOM HOUSE
C/H, small down and $118.90 per mo.
PHONE 565-3878.

OUT-OF-STATE OWNER says SELL this 4-bdrm., 2-bath home with many extras. Large den with fireplace.

**DAVIS-STRINGER** REALTY 666-6666

"PAYING RENT?"
Depending on your total income and size of your family, you may qualify for FHA 235 loan. OWN YOUR HOME FOR $200 DOWN, PYMTS. LESS THAN RENT. 3 BRs., pan. kit., carpeting, extras. PAT DAVIS, 225-7138.

**L & L** REAL ESTATE, INC. 225-2830

2,040 SQUARE FEET CENTRAL HEAT AND AIR CONDITIONED AREA in Meadowcliff 4 bdrms. or 3 and office, PLUS sep. den, and sep. recreation rm. and sep. dark room or hobby room. Built-in kit., "L" shape living-dining, intercom system. Walk to Elementary School. Bus service to Catholic schools. Chain link fenced, tree-studded, big corner lot. Buy big equity and save.

RAYMOND STIGALL, 663-1130
THE GUARDIAN CO., 376-2921
MOBILE PHONE, 376-4879

"THE IMPOSSIBLE DREAM"
YES, you CAN own a home for $200 down and paymts. less than rent if you qualify for an FHA 235 loan. CALL TODAY to see if you can own one. DOROTHY ARMSTRONG, 663-3836.

**L & L** REAL ESTATE, INC. 225-2830

BY OWNER: Transferred. 3 bdrms., CH, CA, dbl. carport, corner lot, equity, assume loan. 562-6792. After 5 562-1542.

BASELINE AREA
LOW EQUITY

**FOR SALE TO ANYONE**

1621 BOOKER: 3 large bedrooms, family room, tip-top condition. Easy terms.[39]

When the Commission staff asked one Little Rock real estate broker what the "Anyone" caption meant, he responded that this was put on the ad to indicate that the house is not expensive—that the house is cheap enough that any one can buy it.[40] This same broker's firm had placed the following ad which stipulated that the buyer's income be $6,200 or more per year:

**ANYONE**

Beautiful 4-bedroom brick bungalo, 2 baths, separate dining room, oodles of closets and built-ins, nice drapes and carpets, A/C unit workshop, storage, garage. Near bus and Central High. FHA or GI. Good credit and income $6,200 year or more. Don't miss.[41]

Other brokers, however, gave a different explanation. One said that, "Anyone can Buy" is put in as a "signal to colored". He said that this tells them that the property is available to them. He said there are other ways of signaling, such as mentioning that the property is near a black school or a black church.[42] Another broker said: " 'Anyone' calls the ad to the attention of the colored buyer." He said he knows of "certain areas that the colored want to get into" and when he has a house in that area, he captions it "Anyone Can Buy". He added: "Colored people hesitate to call on any ad. Putting 'Anyone Can Buy' on the ad helps them out." [43]

While brokers in northern cities did not make such extensive use of signal words, they, too, directed their advertising, and particularly their 235 advertising, to the racial market they wanted to reach. A Denver broker told Commission staff: "Some brokers advertise houses under 235—these houses are invariably in black areas and they are dogs." [44] The following ad was placed by a St. Louis broker who sells in the Walnut Park area of St. Louis, a "changing" neighborhood:

**ARE YOU ANXIOUS?**

To move from that cold, drafty place you are living in where it takes half of what you earn to pay the heat bill? Give us a call and let us put you in one of our warm cozy bungalows. It takes practically nothing down and payments are much less than rent. ADC, Social Security and Pensioners are welcome as well as people who are separated.[45]

Moderately priced houses located in all-black or "changing" neighborhoods were specifically advertised as 235 houses. For example, another St. Louis ad was placed in the University City section of the real estate page. (University City is a "changing" area.)

**FHA 235 PROGRAM**

If your income is too low for you to qualify for a home, it may be possible that you may qualify for a home under FHA 235 PROGRAM (WHEREBY THE GOVERNMENT PAYS A PORTION OF YOUR MONTHLY PAYMENTS). Contact our office for information concerning many choice 2-3-4 bedroom homes which we have available.[46]

In Philadelphia, this ad was placed in the real estate page under the West Philadelphia section. (A substantial portion of West Philadelphia is predominantly black).

**WEST PHILA** **3 BEDRMS**
**OPEN PORCH** **BIG KITCHEN**

Seller to help with Settlement

**235 PLAN AVAILABLE** [47]

As a rule, this practice was not followed for similarly priced houses listed in white areas.

### From the Buyers' Point of View

In the four metropolitan areas visited, more than half the surveyed purchasers of existing 235 houses told Commission staff that they had learned of the 235 program from a real estate broker.[48] Many of these buyers were shown only one house, or were told by the broker that only specific houses were available under 235. While none of the minority buyers interviewed by Commission staff expressed a specific desire to live in a predominantly white neighborhood, they did not express a desire to live in a segregated neighborhood either.[49] Their concern was with improving the quality of their housing—with getting a home of their own of better quality in a safer neighborhood with good schools.

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[39] *Id.*

[40] Little Rock Broker Interview No. 3, Sept. 15, 1970.

[41] *Supra* note 37.

[42] *Supra* note 31.

[43] *Supra* note 26.

[44] *Supra* note 16.

[45] St. Louis Post-Dispatch, early 1970.

[46] *Id.*

[47] The Philadelphia Inquirer, summer 1970.

[48] The remaining purchasers of existing houses learned of the 235 program from friends and relatives (20 percent), newspaper ads (13 percent), local counseling services (7 percent), caseworkers (5 percent) and at their jobs (1 percent).

[49] The probability that an open unitary housing market would result in racial integration was illustrated by an experimental counseling project conducted by a private group in Indianapolis, Ind. In 1967-68. (This project is described in a book, "Toward a Free Housing Market", by Daniel J. Baum and published by the University of Miami Press in January 1971.) The project, using voluntary counselors, showed FHA acquired properties, distributed throughout Indianapolis, to inner-city families being relocated through urban renewal or other inner-city programs. The families selected houses on the basis of personal preference (large kitchen, full basement, etc.) and integration per se was not pressed. Nevertheless, the result of the project was that 20 out of 38 black families selected homes in white neighborhoods, 4 black families chose integrated (significantly less than 50 percent black) neighborhoods, and 14 black families chose predominantly black areas (50 percent or more black). The seven white relocated families assisted by the project chose homes in white areas.

For example, a black Little Rock buyer told Commission staff that his broker showed him four houses. Three were in what the buyer called, "a slum area in East Little Rock" and the fourth, which he purchased, was in a "changing" neighborhood. The house was described by the FHA appraiser as being in poor condition and needing complete redecoration. When the family expressed a desire for a better house in a better location, the broker told them they could not buy a better house with 235 assistance. The family did not learn that there were new houses being sold under 235 until after they had purchased their house. When asked if they would have been willing to move to a predominantly white area, the wife replied: "I wouldn't mind living in a white area if the house was a good house." The husband replied: "If the house was what I wanted, I wouldn't let an all-white community stop me." [50]

More than half the existing house buyers in Denver had been shown only one house. Some of them were completely satisfied with their location, but others were not. For example, one Mexican American buyer said that the family had wanted to see more houses but the broker had told them: "This is the only house available under 235 right now." [51] They did not discover that new 235 houses were available until after the sale had been completed.[52]

A black Philadelphia buyer visited a broker and asked to see a house the broker had advertised in the newspaper. The broker informed the family that the house in question was "too expensive for a 235 buyer." [53] It was listed at $12,500, the price of the house which the family eventually purchased. The broker showed the family a cheaper house in what the buyer termed "a very bad neighborhood." [54] The family persevered and eventually found a broker who sold them their present home, located in a "changing" neighborhood.[55]

A black St. Louis buyer described to Commission staff her long frustrating search for a decent 235 house.[56] She first responded to an ad directed toward potential 235 buyers. A salesman showed her a "grimy box-like house with rotting floors" [57] located in the Walnut Park area. When she said that she now lived under better conditions than that, the salesman told her: "This is what you get under the program." [58] The buyer then spent a year going from broker to broker. One refused to show her anything outside the downtown area. Most of the houses she was shown, she said, were in very bad condition. In one instance in which the house was not dilapidated, the broker asked her to sign a special sales contract. Under this contract, the broker was given a specified time in which to find a "regular FHA buyer." Meanwhile the 235 buyer had to wait, hoping no regular buyer could be found.[59]

### Builders and New Houses

In two of the metropolitan areas visited by Commission staff, St. Louis and Philadelphia, there were no new 235 houses at the time the sample case files were selected. By August 31, 1970, two new houses in Philadelphia and 106 new houses in St. Louis had been purchased by 235 buyers. (See Appendix A.) As of the same date, more than 2,500 new 235 houses had been purchased in Little Rock and Denver. This disparity does not reflect a greater need for lower-income housing in Little Rock and Denver than in Philadelphia and St. Louis. The explanation lies mainly in the cost limits of the 235 program in relation to problems of high land and construction costs in Philadelphia and St. Louis. These problems have impeded the construction of Section 235 houses in these two metropolitan areas. The problems were discussed by a spokesman for the Council of Housing Producers in hearings before the Subcommittee on Housing of the House Committee on Banking and Currency in July of 1969.

> This Section 235 program which held out so much promise for bringing home ownership within reach of disadvantaged low-income families by subsidizing the interest rate has encountered cost difficulties which make it unworkable in many areas. Unfortunately, it is least workable where most needed—in our metropolitan areas.[60]

When Commission staff members questioned a Philadelphia developer concerning the lack of newly constructed 235 housing in the Philadelphia metropolitan area, they were told that "it is impossible to get land [for low-cost housing] in the suburbs, outside of the few black areas." [61] The developer also complained that it was impossible to build a house for less than $17,000 in the Philadelphia area so it was difficult to make a profit on Section 235 housing.[62]

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[50] Little Rock Buyer Interview No. 1, Sept. 14, 1970.

[51] Denver Buyer Interview No. 6, Aug. 5, 1970.

[52] *Id.*

[53] Philadelphia Buyer Interview No. 2, July 15, 1970.

[54] *Id.*

[55] *Id.*

[56] This buyer was one of five black families whose applications were accepted for newly constructed 235 houses in a predominantly white area. This situation is discussed in more detail in the following section on builders and new 235 housing.

[57] St. Louis Buyer Interview No. 5, Aug. 27, 1970.

[58] *Id.*

[59] *Id.*

[60] "Hearings on Housing and Urban Development Legislation for 1969 Before the Housing Subcommittee of the House Banking and Currency Committee," 91st Cong., first session, at 345 (1969).

[61] Philadelphia Builder Interview No. 1, June 16, 1970.

Another Philadelphia builder who participates in subsidized housing programs complained of rising construction costs and said that units which could be built for $17,000 2 years ago now cost $19,400 to build. He said that he builds only in the city of Philadelphia since "zoning, political, and cost considerations inhibit suburban development." [63]

St. Louis developers also spoke of suburban stumbling blocks to the provision of low-cost housing. One builder said he felt the opposition was a matter of social class rather than race.[64] A St. Louis Urban League Staff member disagreed. She alleged to Commission staff that in one instance the developer of a 235 subdivision was able to get zoning permission only after he promised not to bring in a lot of black families.[65]

The director of the State Department of Housing and Community Development of California told a congressional committee of similar problems with low-cost suburban housing in his State:

> Currently, we see in our State what might be termed a "backlash" to the section 235 and section 236 subsidy housing programs for low- and moderate-income families. Some communities have utilized their police powers inherent in zoning practices to successfully kill proposed projects under these programs.[66]

In spite of the obstacles to construction of low-cost housing, many builders have been able to take advantage of the 235 program, particularly those in the South. As of December 31, 1970, more than half (53 percent) of all new or substantially rehabilitated 235 houses were located in Southern States and more than 40 percent divided between the West and the Midwest.

### Participating Builders

When the 235 program first began, builders could be assured that 235 assistance funds would be available for potential buyers of their houses [67] by securing reservations for assistance funds from the directors of their local FHA Insuring Offices. A builder was not allowed to reserve funds for fewer than five or for more than 200 dwelling units at any one time. Although this system has been modified,[68] builders still have virtual control over the distribution of 235 assistance to new homebuyers. Applicants for new 235 houses apply to the builder, not to FHA. Thus, builders with assistance funds reserved for them determine which families receive the benefits of the 235 subsidy. As with real estate brokers regarding existing houses, the responsibility for publicizing new housing under the 235 program and soliciting 235 buyers has fallen upon the builders.

Like the participating real estate brokers, builders who have constructed 235 houses have directed their attention to a specific racial market—but this time the market has been largely white.

### Racial Practices of Builders

Many builders of new 235 subdivisions operated on the assumption that occupancy would be by one racial or ethnic group only. In some instances, their practices were such as to assure that this assumption proved correct.

#### St. Louis

The new 235 units located in a predominantly black urban renewal area in St. Louis County were purchased by black buyers. Although some buyers in this suburb told Commission staff that they had expected the development to be integrated,[69] there was little chance of their expectation being fulfilled. The marketing of the housing was done primarily through black real estate brokers and local black churches. In addition, former relocated residents of the all-black urban renewal area were given first opportunity to buy.

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[62] *Id.*, Philadelphia is a "high cost" area so 235 houses may be mortgaged for $21,000 ($24,000 for a family of five or more persons). The builder, like any seller, undergoes expenses in selling his houses.

[63] Philadelphia Builder Interview No. 2, Nov. 2, 1970.

[64] St. Louis Builder Interview No. 1, July 20, 1970. (Interview conducted by St. Louis Legal Aid Society staff.)

[65] Interview, Operation Equality, St. Louis Urban League, Aug. 25, 1970.

[66] "Hearings on Housing and Urban Development Legislation for 1970 Before the Housing and Urban Affairs Subcommittee of the Senate Banking and Currency Committee," 91st Cong., second sess., at 384 (1970).

[67] Some builders complained that the slow and piecemeal funding of the 235 program by Congress hindered construction of new 235 houses. A Denver builder said: "If funds run out it means stopping construction right in the middle of peak activity. This creates problems with keeping a large staff fully occupied." (Denver Builder Interview No. 3, Aug. 6, 1970).

This problem was described by Robert Wood, Director of the MIT-Harvard Joint Center for Urban Studies at Hearings on National Housing Goals held by the Subcommittee on Housing of the House Committee on Banking and Currency in May of 1969: "The point I want to emphasize * * * is that the stop-and-go aspect of our housing programs is one of the most serious problems we have to contend with. I mean no criticism of the Congress; I am simply stating cold facts when I say that the long delay in action on the pending supplemental appropriations has already hurt us. Now housing is simply too big and too complicated a business to be turned off and on at will; people have to do long-range planning in connection with housing programs and consequently you cannot just turn it on and off because of long leadtime factors involved. And lack of continuity costs not only time but money."

[68] As of Oct. 9, 1970, one-third of section 235 assistance funds was tied up in unbuilt reservations. In late October, HUD established a system of priority registrations to replace the fund reservation procedure. Under the new system, a builder or seller is promised priority for contract authority [assistance funds for buyers] when it becomes available. An eligible buyer's application covered by a priority registration will be considered ahead of eligible buyers of properties not covered by priority registrations. When builders or sellers holding priority registrations apply for firm commitments [have buyers] available funds are obligated or, if funds are not available, the applicants will receive priority as soon as additional funds become available. This system still gives builders control over the distribution of 235 assistance to new home buyers.

[69] St. Louis Buyer Interview No. 4, Aug. 26, 1970.

By contrast, the new 235 houses under construction in a predominantly white area of St. Louis County were marketed quite differently. The builder did not advertise the fact that houses in the development were available under 235 and, in fact, discouraged applications from black families. It was only through the intervention of the local Urban League that a few black families were able to purchase there.

The Urban League Placement Service[70] learned of the project by accident. An Urban League staff member noticed a sign outside the sales office while driving through a predominantly white area in St. Louis County.[71]

After the Urban League learned that the development would contain 30 houses, most of which would be sold with 235 assistance, its placement service referred black applicants to the sales office. The applicants returned saying they had not been allowed to leave deposits and that they had been told by sales representatives that their names would be added to a long list. They also said they felt that sales representatives were giving them incorrect information regarding the amenities included with the houses.

After several applicants had been thus discouraged, Urban League staff members accompanied 10 black applicants to the development's sales office. Two of the applicants were allowed to leave deposits that evening, and three left deposits later in the week. The Urban League had already complained to FHA about the developer and a meeting had been arranged by FHA to conciliate the complaint. At that meeting, the developer admitted discrimination and agreed to accept the five families' applications.[72]

Two of these families were interviewed by Commission staff. One buyer, who had spent a year going from broker to broker, worked in a large shopping center in northwest St. Louis County and was looking forward to living at a convenient distance from her job.[73] The other family, then living in four rooms above a grocery store in the city of St. Louis, was eagerly awaiting moving day. This family described the difficulties they had had in finding decent housing which they could afford. They said that apartments were very hard to find in St. Louis. "Rents are impossible and a lot of places won't take children; all apartments have waiting lists." [74] The wife described her fear of the neighborhood: "There are a lot of robberies and there is always a gang of boys on the corner who make remarks," and said that she spends most of ther time in the four-room apartment with the three children.[75] When asked if they were apprehensive about moving to a predominantly white area, the husband said: "If they don't bother me, I won't bother them. I'll build a big fence around my backyard and never mind the neighbors." [76]

### Denver

There are several builders in Denver who have constructed houses sold with Section 235 assistance. Some of these builders have constructed only a few houses at a time and, since the demand for the houses is so great, they have found no need to advertise. For example, one builder, who constructed nine houses to be sold under 235 in southwest Denver, sold them all within 1 week after they had been put on the market and before construction had been completed.[77]

According to the head of the counseling service at the Metropolitan Denver Fair Housing Center (MDFHC),[78] only one 235 builder uses newspaper advertising. He said all the other builders develop "under a cloak of secrecy" [79] and added that he was concerned that minority families were not learning of the availability of these houses. Unlike St. Louis, however, the Denver FHA Insuring Office gave MDFHC a list of developers with 235 fund reservations and the Center was planning to contact them.[80]

One Denver builder constructed a large number of 235 houses in the Denver area. This builder does advertise. In July of 1969, MDFHC complained to the Department of Housing and Urban Development that he was directing his advertising to an exclusively Anglo market. The advertisement, which MDFHC claimed discouraged minorities from applying, contained a large picture of seven Anglo men in working clothes with the caption: "What do these men have in common?" The answer contained in the ad was that all the men were eligible for section 235 assistance, but, as MDFHC pointed out, they also had in common the fact that they all were Anglos.

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[70] The Placement Service is a function of Operation Equality, an open housing service connected with the St. Louis Urban League.

[71] Urban League staff members told Commission staff that they had repeatedly asked FHA to notify them when developers were issued fund reservations for sec. 235 housing, but the FHA Office had refused to furnish them this information. *Supra* note 65. When questioned about this policy, the Director of the St. Louis HUD Area Office replied that when the office acquires an equal opportunity staff, this staff will know the location of new 235 houses: "They will have to pass on everything." He declined to discuss the issue further. Interview, Director, St. Louis HUD Area Office, Aug. 28, 1970.

[72] *Supra* note 65, Miss Helen Mohr.

[73] *Supra* note 57.

[74] St. Louis Buyer Interview No. 6, Aug. 27, 1970.

[75] *Id.*

[76] *Id.*

[77] *Supra* note 34.

[78] The Metropolitan Denver Fair Housing Center is a private nonprofit corporation established in January 1966, to promote equal opportunity in housing throughout the Denver metropolitan area.

[79] Interview, Metro. Denver Fair Housing Center, Aug. 3, 1970.

[80] *Id.*

HUD investigated the advertising complaint and arranged a conference with the developer and MDFHC. The developer voluntarily agreed to depict minority group individuals in future ads. The first integrated ad appeared on August 2, 1970, in the Sunday edition of the Denver Post. (See Exhibit H, p. 55)

The advertising builder told Commission staff that he felt integrated advertising was unnecessary but that he had agreed to it to please MDFHC. He said that the fact that the development is integrated speaks for itself.[81] Although no black buyers were included in the Commission's sample of new houses constructed by this developer, black families were, in fact, seen to be residing in the area. Anglo and Mexican American buyers contained in the sample and interviewed by Commission staff commented on the "racial harmony" existing in the development.[82]

### Little Rock

The Little Rock FHA Insuring Office has attempted to assure statewide distribution of new 235 houses by limiting builders to fund reservations for no more than 10 or 15 houses at a time.[83] Consequently, many different builders have been able to participate in the 235 program throughout the State. The Commission's sample of 64 new 235 houses in the Little Rock area included houses built by more than 20 separate builders.

Most builders interviewed by Commission staff operated on the assumption that if black families were to have new 235 houses at all, they would have to be located in all-black areas or in areas designated for black occupancy. For example, one white builder said:

> There's a big demand for new houses in the black community. The problem is getting black builders to build in that price range. If we had an area close in where lots weren't too expensive, we could sell every house we could build.[84]

This builder said he was constructing "new houses for black people" in an urban renewal area in the central city.[85]

Another white Little Rock builder told Commission staff that: "There is no market for new black houses because the only way you can get cheap land is to go far out. Blacks don't want to move there."[86]

A white real estate broker said that black families are not buying new 235 houses because "no one is pushing subdivisions for colored."[87] A black real estate broker said the black business community is to blame because "they didn't buy the land when it was available and develop it."[88]

Black builders interviewed by Commission staff were building new 235 houses almost exclusively in the city. Although one builder complained that lots are very scarce and expensive[89] in the city, he builds new 235 houses only in the city because in his view, "most blacks just think about city lots."[90] When asked if he could build in the suburbs, he said: "I haven't had a buyer who wanted to live there."[91]

Another black builder told Commission staff that his firm is "building new houses all over."[92] When pressed to define "all over", the builder conceded that this meant all over the city, primarily in the urban renewal area in north Little Rock. He said that "land is more expensive outside the urban renewal area."[93]

When asked to explain why black 235 buyers were not purchasing new homes in white subdivisions, white builders gave a variety of explanations. One white builder pointed to a lack of interest on the part of black families. He said:

> From a legal standpoint, blacks can buy anywhere they choose. But I never had any call from black families asking for Southwest. A friend of mine who builds in Southwest said they don't have colored interested.[94]

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[81] Interview-Denver Builder No. 3, Aug. 6, 1970.

[82] Denver Buyer Interviews Nos. 18–31, Aug. 6, 15, and 16, 1970.

[83] Interview-Asst. Director for Single Family Mortgage Insurance, Little Rock FHA Insuring Office, Sept. 14, 1970.

[84] Little Rock Builder Interview No. 5, Sept. 17, 1970.

[85] *Id.*

[86] Little Rock Builder Interview No. 7, Sept. 17, 1970.

[87] *Supra* note 31.

[88] Little Rock Broker Interview No. 7, Sept. 17, 1970.

[89] According to the head of the Homebuilders Association of Greater Little Rock, the lot is 10–12 percent of the sales price of an average house. He said lots in the city's urban renewal areas are expensive—some lots in University Park cost $3,500 to $4,000. One black builder interviewed said he is paying $2,750 for lots in the city.

[90] Little Rock Builder Interview No. 6, Sept. 17, 1970.

[91] *Id.*

[92] Little Rock Builder Interview No. 2, Sept. 15, 1970.

[93] *Id.*

[94] *Supra* note 84.

Another pointed to fear as a factor:

> Blacks are afraid. I would hate to be the first builder to sell to a black in a white subdivision. It would be traumatic for the family.[95]

A third accounted for it on grounds of personal preference:

> It's an old pattern. The colored people prefer to live in Rose City. There aren't any in this area. Colored have called but when they are told it is in Levy, they say no.[96]

The president of the Arkansas Homebuilder's Association said:

> They prefer to live in the central city because of transportation problems.[97]

Black builders and brokers, however, had a different point of view. A black builder told Commission staff:

> Transportation isn't the reason. Most black families have their own cars and there is a suburban busline that takes care of the baseline area. It's the Realtors. They're selling whites' houses to blacks and selling the whites new houses. They buy a house from a white family for $7,000; get an appraisal for $10,500 and resell to a black family. Then they sell the white a new $15,000 house. Everyone's losing but the broker . . . . Blacks would move to the suburbs if it meant they could get housing.[98]

A black broker said:

> If I tried to get listings in white subdivisions, the white banks and lending institutions would put me out of business.[99]

Another black builder summed up the explanation this way:

> The only new 235 houses that black families get are in urban renewal areas or on vacant lots. . . . I haven't heard of any builders advertising open housing . . . . The black buyers don't know they could purchase a house in a white project.[100]

In fact, only one of the black purchasers of 235 existing houses interviewed by Commission staff had actually known that new 235 houses were available when he purchased his existing house.[101] This family had attempted to buy a new house only to be told that all the new houses were sold.[102]

### Overt Discrimination

A black Little Rock buyer told Commission staff of her difficulties in finding a builder. She had read about the 235 program in a newspaper article and called the FHA Insuring Office for more information. An FHA employee explained the program procedure over the telephone and suggested she watch the ads. The buyer telephoned an advertising builder's office and was asked her present address. According to the buyer, when the saleswoman discovered that the buyer lived in a black area, she told her that the lots for new houses were all sold. Perhaps, the saleswoman asked, she would be interested in an existing house? When the buyer finally reached a black builder who would agree to construct a 235 house for her, he purchased a lot two blocks from where she had grown up. The buyer said she "wasn't crazy about the location" which the builder selected.[103] When Commission staff asked her if she would be willing to move to the predominantly white area of southwest Little Rock, the buyer said: "Sure, moving to southwest would be something for me." [104]

Commission staff, consisting of one white and one black person, visited the office of the builder who had originally rejected this black buyer and asked to speak to the broker. Upon being told that the broker was out, they asked to speak to someone about the 235 program. A saleswoman, assuming they were potential buyers, ushered them into a back room and told them that no new 235 houses were available. When the staff members identified themselves, the saleswoman appeared to become confused. She conceded that the firm had built a few 235 houses, but emphasized that they usually handled high-cost houses. In answer to a question on the location of 235 houses, she searched a map on the wall and said she could not seem to find the location—there were only a few.[105]

Shortly before the Commission staff visited this office, the following ads had appeared in the Arkansas Gazette, placed by two of the agency's sales personnel: [106]

> **FHA 235**
>
> Low Interest Program. Brand New 3 bedroom home can be yours. $200 down and payments less than rent. Three locations to choose. Little Rock or North Little Rock. Call me to see if you qualify.

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[95] *Supra* note 86.

[96] Little Rock Builder Interview No. 8, Sept. 17, 1970.

[97] Interview-President, Homebuilders Association of Greater Little Rock, Sept. 17, 1970.

[98] *Supra* note 90.

[99] *Supra* note 88.

[100] Little Rock Builder Interview No. 1, Sept. 15, 1970.

[101] *Supra* note 50 and Little Rock Buyer Interviews Nos. 3, 4, 5, 8, and 9, Sept. 15–17, 1970.

[102] Little Rock Buyer Interview No. 10, Sept. 17, 1970.

[103] Little Rock Buyer Interview No. 22, Sept. 17, 1970.

[104] *Id.*

[105] Little Rock Builder Interview No. 4, Sept. 16, 1970. Eleven (17 percent) of the new 235 houses contained in the Little Rock sample were constructed by this builder. The houses were located in three separate subdivisions, all clearly observable on the saleswoman's map. In addition, the office had sold two of the new section 235 houses in the sample in a fourth subdivision for another builder.

[106] *Supra* note 38.

> **DO YOU WANT A NEW HOME?**
> **THINK YOU CAN'T AFFORD IT?**
>
> There are many ways of financing—some with payments less than rent. Low downpayments that you wouldn't even miss. Have several nice locations. For full information call me:

Commission staff visited the onsite sales office of another builder. In this case, both Commission staff members were black. The woman in charge of the "open house" office assumed that they were potential buyers and told them that there were no new houses available for sale with 235 assistance. She claimed that the builder was behind in his construction and that all houses planned for construction were already sold.[107]

The builder in question was interviewed the following day. He admitted that he did, in fact, have more 235 reservations to build and sell. He said: "She was dodging you when she didn't admit that there are more 235's under construction that haven't been sold." [108] Then the builder called his onsite office and held the following telephone conversation: [109]

> Have you had any colored looking for houses? What did you tell them? You can't keep me out of trouble that way.

The builder, who said that he personally is not opposed to integration, told Commission staff of the following incident which, he said, illustrated community pressures against integration: A black couple had expressed interest in buying one of the new 235 houses in southwest Little Rock. The salesman warned them that it was an all-white area, but they said they wanted the house anyway. The couple arranged to make their deposit the next day. The following morning the white employer of the husband of the black family called the builder's office. He told the builder's wife that he did not want his employee to purchase a house in an all-white subdivision. The builder's wife suggested showing the black couple a rehabilitated house in the central city. Subsequently, the black couple purchased the rehabilitated house.[110]

### Advertising Practices

As in Denver and St. Louis, many of the Little Rock builders did not advertise new 235 houses. One black builder told Commission staff that it wasn't necessary to advertise. He said: "Nowadays everyone wants to own a house. People hear about the 235 program by word-of-mouth. And if they qualify for the program, we tell them about it.[111] A white builder told Commission staff that he never advertises. He explained: "We build a good house for less money than any other builder in Little Rock. Word-of-mouth advertising is the best—and it's free." [112]

Commission staff discovered in the office of one white builder a copy of an ad which was virtually identical to the Denver ad found objectionable by the Metropolitan Denver Fair Housing Center. The ad, which appeared in an early 1970 issue of the Arkansas Gazette, contains a picture of five different individuals—a nurse, a policeman, a fireman, a businessman, and a workman. The caption on the ad reads: "What Do These People Have In Common?" The answer contained in the ad is that they can all buy a new 235 house. All of the individuals in the ad are white. (See Exhibit I, p. 58)

The advertising builder, who said he had never thought of the ad as discriminatory, told Commission staff that he had seen it at a convention of homebuilders in Texas. He said that undoubtedly other 235 builders were also using the same ad.[113]

### The Mortgagee and the Section 235 Program

The mortgagee [114] plays the role of the middleman in all FHA programs. If a seller wishes to have his house appraised by an FHA appraiser, he or his broker must apply for the appraisal through an FHA approved mortgagee. Further, real estate brokers or builders who wish to sell houses to FHA buyers must submit the buyers' applications through an FHA approved mortgagee. It is the mortgagee who receives periodic information from FHA regarding the procedures to be followed in obtaining a Section 235 mortgage, and it is the mortgagee who usually informs brokers about the operation of the program. In short, of the three elements of the private housing and home finance industry involved in the 235 program, the mortgagee is in the best position to observe the way the program is working and, through his mortgage lending policies, to exert influence over it.

Savings and loan associations represent the major mortgage finance institution. According to the U.S. Savings and Loan League, the trade association for savings and loan associations: "The principal sup-

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[107] Interview—"Open House" Office, Sept. 16, 1970.

[108] *Supra* note 86.

[109] *Id.*

[110] *Id.*

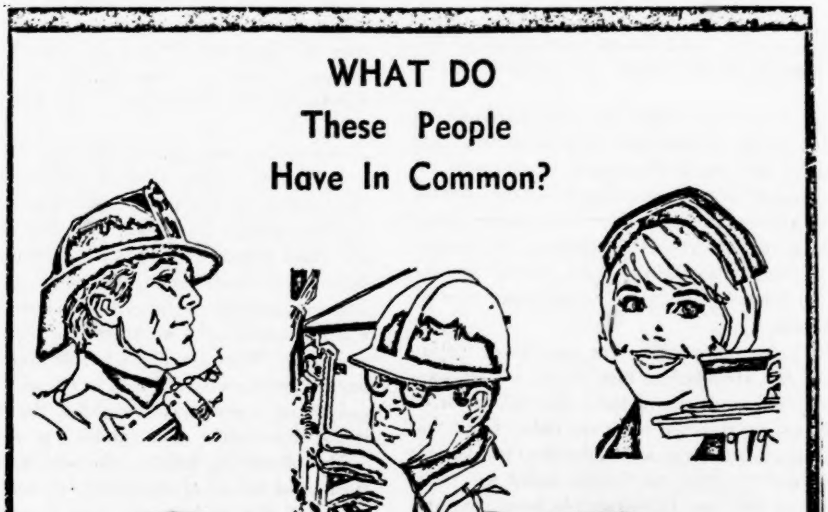
[111] *Supra* note 92.

[112] *Supra* note 96.

[113] *Supra* note 86.

[114] The mortgagee is the lender who makes the mortgage loan. A mortgagee who makes FHA insured mortgage loans must be approved by FHA.

EXHIBIT I



## WHAT DO These People Have In Common?

They all can buy a new 3 bedroom, fully carpeted brick home

will show the homes and tell you how you can BUY your OWN new home through the FHA Section 235 special finance program.

You Must do this now to get this special financing.

pliers of funds to the residential mortgage market are savings and loan associations, which hold over 40 percent of the mortgages loans outstanding."[115] Yet few savings and loan associations were primary sources of section 235 mortgage loans in the four metropolitan areas surveyed. Ninety percent [276] of the 235 loans included in the total sample were made by mortgage companies.[116] The only savings and loan association represented in the Commission's 235 sample was located in Little Rock, Ark. It made 7 percent of the 235 loans in the sample from the area.

Savings and Loan Associations were reported to be hostile to the 235 program in several areas visited by Commission staff.[117] For example, a Denver newspaper article which was critical of the 235 program relied heavily on quotes from savings and loan officials.

> "This program is being carried out at the expense of the taxpayers who were duped into believing FHA program 235 was designed to help the poverty stricken and the economically underprivileged," a savings and loan association official told Cervi's Journal.[118]

> The savings and loan official said the primary benefactors under the FHA program are the home builders "even more than the home purchasers awarded the Federal subsidy at the taxpayer's expense."[119]

Some mortgagees interviewed by Commission staff appeared to be participating in the 235 program reluctantly, expressing disapproval of the clientele. One loan officer, who had personally handled more than one hundred 235 applications during the prior 6 months, said: "Owning property is a privilege and should remain so. Most 235 buyers are undeserving."[120] When asked to explain, the loan officer said that most of his applicants are young white couples who are "just not willing to save and buy."[121] With regard to older low-income families, the loan officer said "Poverty-level people aren't aware of what it takes to maintain a house. They shouldn't own a house because they haven't learned the responsibility of homeownership."[122] This loan officer had been referred to Commission staff by several real estate brokers who said he had told them that most 235 buyers were not making their mortgage payments.[123] The loan officer had no idea how many 235 buyers were in default, but after he checked with his loan servicing department, he found that of approximately 500 section 235 mortgages made and serviced by the mortgage company, there had been two foreclosures and seven defaults.[124]

Another loan officer, who was a past president of the Arkansas Mortgage Bankers Association, expressed similar views. He said: "The 235 program should be more rigidly controlled. A lot of people are getting something for nothing." He also commented on the number of young white buyers participating in the 235 program. He said, however, that the program can't meet the needs of "real low-income families", even if they qualify, because "it isn't adaptable to those types of people."[125]

A Philadelphia mortgage company official expressed some bitterness over the fact that welfare recipients were getting Federal subsidies for homeownership, and declared he though he should go on welfare so he could buy an $18,000 house.[126]

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[115] Hearings on National Housing Goals Before the Subcommittee on Housing of the House Banking and Currency Commission, 91st Cong., first sess., at 597 (1969).

[116] Mortgage companies generally resell their mortgage loans to investors such as insurance companies, pension funds, employment funds, and the Federal National Mortgage Association. In most cases, the mortgage companies continue to service (collect payments) the loans. Since many secondary investors are out of State, and since most out of State investors are restricted to Government insured or guaranteed loans, it is usually essential for mortgage companies to be approved FHA mortgagees. According to the director of research of the Mortgage Bankers Association of America, as of April 1970, section 235 loans were making up three-fourths of most mortgage bankers' business. Interview, director of research, Mortgage Bankers Association of America, Apr. 2, 1970.

[117] Testimony before a congressional committee indicates the reason for lack of participation in the 235 program by savings and loan associations. This statement was made before the 1968 Housing and Urban Development Act was passed: "To the extent this plan (235) would reduce the monthly mortgage payments required, it assists achievement of the goal of low-income homeownership. The National League would prefer to achieve that goal, however, by lengthening the permissible maturity of the mortgages involved. If the house is soundly constructed, the maturity limit could be extended to as long as 60 years from an economic standpoint". (Hearings on Housing and Urban Development Legislation—1968, before the Housing Subcommittee of the House Banking and Currency Committee, 90th Cong., second sess., at 678 (1968)). In 1969, the U.S. Savings and Loan League expressed cautious support of the 235 program but indicated that the lender needed more financial incentive to make 235 loans: "With respect to specific provisions of the 1968 Housing Act, we feel that the interest and rent subsidy programs will prove to be an effective means to help meet the housing problems of low-income families when they are more fully funded and in workable form. Sections 235 and 236 loans will probably always be somewhat more difficult to make than regular FHA and conventional loans and may involve the lender in potential social conflicts in his community. Thus, some type of incentive in addition to the market rate of interest may be required to encourage the lender to finance any real volume of these loans and other loans in the inner city." (*Supra* note 115 at 562.)

[118] Douglas Bradley, Home Subsidies for Poor; Straining Taxpayers' Backs, Cervi's Rocky Mountain Journal, Jan. 21, 1970.

[119] *Id.*

[120] Denver Mortgagee Interview No. 3, Aug. 7, 1970.

[121] *Id.*

[122] *Id.*

[123] Denver Broker Interviews Nos. 3 and 5, Aug. 5, 1970, and *Supra* note 17.

[124] *Supra* note 120. A mortgage is in default when the monthly mortgage payment has not yet been made by the time the next payment falls due.

[125] Little Rock Mortgagee Interview No. 1, Sept. 15, 1970.

[126] Philadelphia Mortgagee Interview No. 1, June 17, 1970. The average sales price of section 235 houses in the Philadelphia sample was $9,123. The median sales price was $8,000.

Most mortgagees, however, were in favor of the 235 program, and saw it as a blessing for many people. But they also mentioned problems which they had encountered. For example, nearly every mortgagee interviewed by the Commission staff indicated that the FHA Insuring Offices were negligent in furnishing information about the 235 program. The loan officers complained that there were frequent changes in program operation which they often learned about afterwards or from sources other than the FHA Offices themselves.

One loan officer said that the local FHA Office had to be pressured from Washington to brief local mortgagees about the 235 program. Since the briefing, he said: "There has been a 150-percent change in processing," but none of the changes had been reported to them by the FHA Office.[127]

Another loan officer said that when the 235 program first began, the FHA Insuring Office had been unclear about the processing of 235 mortgages. He said: "You used to be able to send anything over [to FHA] and it would be approved." [128]

He added that since that time, the FHA Office has been very slow about keeping the mortgagees up-to-date on the program. He said, "I think there is is a new income limit for this area, but I don't know what it is. I'm still using the old chart." [129]

**Racial Attitudes of Mortgagees**

The role of the mortgagee is essentially a passive one, in that applicants for 235 mortgages are generally not solicited by the lenders. Nonetheless, because of the dependence on mortgage financing by builders, brokers, and homeseekers, the mortgagees' views concerning racial and ethnic segregation can be extremely important. Their views on residential segregation can be key elements in their decision to finance particular builders or individual loan applicants.

Commission staff found that many mortgagees participating in the 235 program were aware of and accepted segregation of 235 buyers as being in the natural order of things. For example, mortgagees in Philadelphia and St. Louis told the staff that white buyers were not participating in the 235 program because the 235 houses were in black or racially changing areas. A Philadelphia loan officer said: "The seller is willing to pay settlement costs in racially changing areas just to get out of the neighborhood. Whites don't want to go to colored neighborhoods . . . . You don't see advertisements for 235 in the suburbs." [130]

A Denver loan officer expressly recognized discrimination as a factor in the operation of the 235 program. He said:

> Every area in this city has properties which will qualify under 235, including the suburbs. It's true that 235 has not made it possible for minority families to move into white neighborhoods, but the reason is not economic. It's probably because of discrimination.[131]

When asked why black 235 buyers were not purchasing new houses, Little Rock mortgagees gave the same answer as white builders and brokers—there were no black subdivisions. One Little Rock loan officer said: "A lot of builders would build for colored, but they can't find lots where they can put them together. We're running out of lots in Pulaski County, even for white people." [132]

**Summary**

The institutions that make up the private housing and home finance industry—real estate brokers, builders, and mortgage lenders—have the primary responsibility for the operation of the 235 program. They, not the FHA, publicize the availability of Section 235 assistance, solicit potential 235 buyers, and initially determine who participates and under what circumstances. Buyer patterns revealed by this survey reflect practices followed by the members of this industry.

For example, although the low quality housing purchased by some 235 buyers may result in part from the fact that 235 buyers do not pay closing costs and/or from unreliable 235 funding, it also results from deliberate exploitation on the part of real estate brokers and speculators. They have found many 235 buyers particularly vulnerable, because of their lack of knowledge concerning the program, their inexperience with home ownership, and their desperate need for housing.

The industry's role in producing the segregated and unequal 235 housing patterns is also clear. Most brokers and builders participating in the program marketed their houses to separate racial and ethnic groups. Operating on the assumption that minority buyers did not want to live outside areas of minority concentrations, both white and minority real estate brokers only showed minority 235 applicants houses in minority areas or "changing" neighborhoods. In some cases, brokers used discriminatory advertising to reach their chosen racial or ethnic market, either openly—"Anyone May Buy"—or indirectly through newspaper ads listing 235 houses in minority or "changing" neighborhoods.

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[127] St. Louis Mortgagee Interview No. 1, Aug. 26, 1970.

[128] Philadelphia Mortgagee Interview No. 4, July 16, 1970.

[129] *Id.*

[130] *Id.*

[131] Denver Mortgagee Interview No. 2, Aug. 6, 1970.

[132] Little Rock Mortgagee Interview No. 2, Sept. 16, 1970.

Most builders also acted on the assumption that minority buyers would not want to live in white areas. The new 235 houses were constructed in predominantly white suburban areas and builders used newspaper ads designed to appeal to white buyers only, or limited their advertising to "open house" signs at the construction sites.

In some cases there was evidence to suggest that both builders and brokers used overt discrimination to prevent minority buyers from purchasing houses in predominantly white areas. However, overt discrimination was usually unnecessary in that the tradition of separate housing markets coupled with the urgent need of uninformed applicants virtually guaranteed a segregated pattern.

Mortgage lenders play a more passive role in the 235 program than brokers or builders, since they do not advertise the program or solicit potential buyers. Some mortgagees are participating in the program reluctantly, expressing a lack of sympathy with its purpose and expressing indignation that lower-income families are getting "something for nothing." The mortgagee, however, is a key element in the section 235 process. He is the informational link between FHA and the builder and broker concerning the procedures to be followed in carrying out the program. The mortgagee also is in the best position to understand the housing patterns resulting from the program and to exert influence over them through his mortgage lending policies. Commission staff found that mortgagees have made funds available for 235 mortgages and have provided information about the program to builders and brokers, well aware of the segregated and unequal housing pattern that has resulted.

## CHAPTER II

# THE ROLE OF LOCAL COMMUNITY GROUPS AND AGENCIES

In some areas, local community groups have become involved in the 235 program, either through the provision of counseling or welfare services or as residents of the neighborhoods in which the 235 houses are located.

### Counseling Services

The provision of special counseling services to families acquiring homes under Section 235 has been considered an important ingredient of the program since its inception. The 1968 Housing and Urban Development Act makes special provisions for such services:

> The Secretary of Housing and Urban Development is authorized to provide, or contract with public or private organizations to provide, such budget, debt management, and related counseling services to mortgagors whose mortgages are insured under section 235(i) or 235(j)(4) of the National Housing Act as he determines to be necessary to assist such mortgagors in meeting the responsibilities of homeownership. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of the subsection.[133]

Before passage of the 1968 act, Robert C. Weaver, then Secretary of HUD, told Members of Congress:

> I think that, in order to provide a sound program of homeownership, either for low- or for moderate-income families, you have to do more than to simply say; "It's desirable and we are going to give you some financial assistance in terms of an interest subsidy." You have to have a counseling service as we have provided for here, and it must be adequately funded.[134]

Congress also stressed the importance of counseling for Section 235 buyers:

> Since many of the families who would be assisted have had little experience in the proper care of a home and the budgeting of income to meet regular monthly payments on a mortgage, this section would authorize appropriate counseling, either directly by HUD or by contract with public or private agencies, to assist these families in meeting their new responsibilties. Appropriations would be authorized for this purpose.[135]

The 1968 Housing and Urban Development Act also provided for a new program designed to help families with poor credit histories to qualify for FHA-insured mortgages.[136] Under this program, Section 237, families are to receive budget, debt management, and related counseling to make them an acceptable risk for homeownership. Such families could be applying to purchase a house under section 235 or under a number of other FHA programs, such as the nonsubsidized Section 203 program.

These counseling programs have been widely supported by private groups, both business and socially-oriented. In 1969, a representative of the Council of Housing Producers testified before a congressional committee:

> Homeownership carries with it responsibilities as well as privileges. Many families, especially low-income families, need guidance and counseling before they can undertake these responsibilities. . . . Unless given proper guidance these new homeowners soon could find themselves so overburdened that they might well default on their mortgage payments and lose their homes. Instead of sharing in the American dream they would experience a nightmare of discouragement and disillusion.[137]

And the National Urban League[138] testified that:

> The Urban League constantly must turn away thousands of 235 clients who need its help because the resources are not there: in the counseling program, because they have not received appropriations: in subsidy programs when available funds have been exhausted.[139]

Despite this support, neither the 235 nor the 237 counseling programs, often confused with each other, have yet been funded by Congress. It was not until fiscal year 1971 that HUD requested funds either for 237 credit counseling or for counseling for 235 buyers. In May of 1969, Congressman Henry S. Reuss of Wisconsin had questioned HUD Secretary George Romney about this omission:

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[133] Housing and Urban Development Act of 1968, Public Law No. 90-448, 82 Stat. 476, sec. 101(e).

[134] Hearings on Housing and Urban Development Legislation—1968 Before the Housing and Urban Affairs Subcommittee of the Senate Banking and Currency Committee, 90th Cong., second session, at 35 (1968).

[135] 114 Congressional Record 6509 (1968).

[136] National Housing Act, Public Law No. 479, 73d Cong., 48 Stat, 1246, sec. 237; also *Supra* note 133, sec. 102.

[137] *Supra* note 60 at 347.

[138] Two of the 235 counseling services in the cities visited by Commission staff were sponsored by local Urban Leagues.

[139] *Supra* note 66 at 863.

> How about counseling on credit and other matters for low-income homeowners under section 211, section 235, and so on. I am disappointed that neither this nor the predecessor administration asked for any funding whatsoever on the very important section 235, which would provide funds for credit counseling. I find in Milwaukee that the people they are putting into homeownership desperately need budget and credit counseling and in many cases aren't getting it.[140]

Secretary Romney replied that voluntary organizations would be encouraged to take on the responsibility of counseling low-income homeowners.[141]

In its 1971 fiscal year budget request, HUD asked Congress for $3.1 million for counseling services. The money was to be used to advise families with poor credit histories or irregular income patterns on budget management and to provide counseling for "mortgagors under section 235 who need assistance in meeting the responsibilities of homeownership." [142]

This request was rejected by the Committee on Appropriations of the House of Representatives which stated:

> Voluntary counseling services have been and are being provided in many areas. The committee feels that voluntary counseling offers an excellent opportunity for local participation and accordingly has denied the request for funds to finance counseling service.[143]

The conference report on the appropriations bill (H.R. 17548) included the following paragraph:

> The conferees suggest that any needed counseling services can be provided by voluntary groups and existing community services, but where such services are not provided they may be made available as part of the normal mortgage insurance initiation and servicing activities.[144]

According to the HUD 1971 Budget Summary, approximately 30 organizations were providing counseling to FHA buyers on a voluntary basis during calendar year 1969. Most of these organizations were funded wholly or in part by the Office of Economic Opportunity, churches, or various public agencies. In three of the metropolitan areas visited by Commission staff—St. Louis, Philadelphia, and Denver—private organizations were providing such voluntary counseling.

Counseling in St. Louis and Philadelphia was provided by the local Urban League offices. In Denver, the voluntary counseling organization was the Metropolitan Denver Fair Housing Center. In Little Rock, there was no organization that provided counseling services. The Director of the Little Rock HUD Area Office told Commission staff that he had attempted to interest the local poverty agency in a counseling program but that lack of funding for counseling services was a deterrent.[145]

The director of the Urban League of Greater Little Rock told Commission staff that he knew very little about the 235 program and had received no HUD publications explaining the program. He expressed great interest in establishing a counseling service and has since received information on the 235 program and Section 237 credit counseling from the HUD Area Office. The Little Rock Urban League staff, however, is very small and will be unable to make any staff available for counseling without some outside monetary assistance.[146]

All three counseling services examined by Commission staff had contracted with FHA to do Section 237 credit counseling on an unpaid basis.[147] The counselors expresed the view that neither credit counseling—what do you do with your money—nor counseling on home maintenance was the primary need of low-income applicants. According to the counselors, potential 235 buyers with no experience in homeownership needed guidance on how to purchase a home.[148]

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[140] *Supra* note 115 at 38.

[141] *Id.* at 39. Secretary Romney added that: "47 of our FHA offices are presently offering counseling services to persons with housing problems. The service has been quite popular, having provided more than 37,000 interviews." The FHA Counseling Service which was established before the enactment of 235 or 237 is a general housing information service. This will be discussed in greater detail in Part III, ch. III.

[142] HUD, Office of the Secretary, Office of the Budget, Summary of the HUD Budget, Fiscal Year 1971, FHA 13 (January 1970).

[143] Independent offices and the Department of HUD Appropriations, 1970, H.R. Rep. No. 91-1060, 91st Cong. second. sess. (1970).

[144] *Id.* H.R. Rep. No. 91-1345.

[145] Interview, Director, Little Rock HUD Area Office, Sept. 18, 1970.

[146] Interview, H. Love, director, Urban League of Greater Little Rock, Sept. 18, 1970.

[147] Section 237 credit counseling was narrowly defined by the local FHA office in St. Louis. The St. Louis Urban League counselor was only allowed to accept applicants for credit counseling if their monthly salary was four times the monthly mortgage payment less fire insurance. This requirement did not take into account the fact that the 235 buyer would be making a subsizided mortgage payment. Under this procedure, only 21 of the 179 FHA applicants certified as good credit risks by the Urban League between October 1969 and August 1970 were 235 buyers. The FHA office reversed this policy in August 1970. However, the Urban League Placement Service had been regularly counseling potential 235 buyers as part of their general role of helping families obtain housing.

[148] Some real estate brokers, however, emphasized the need for counseling on home maintenance. Commission staff was told, for example, by speculators and real estate brokers that deteriorating houses owned by 235 buyers were the result of poor maintenance by the buyers rather than low-quality housing. One Denver real estate broker said that 235 buyers "are used to renting substandard houses—houses which should be condemned. They don't know how to take care of hardwood floors or how

Each of the three counseling services primarily worked with minority buyers. All were located in or on the edge of minority areas in the central city. Only one counseling service—the Philadelphia Urban League—actually advertised the availability of the Section 235 program. (In addition, the Philadelphia Urban League prepared a leaflet for distribution to potential 235 buyers. See Exhibit J.)

While the counseling services accepted walk-in applicants, they also served applicants referred by city agencies, in particular, departments of public assistance. According to a Philadelphia counselor, the 235 program in that city had become "known as a black welfare program." [149] The Philadelphia counselor told Commission staff that all of the city agencies—the Housing Authority, the Relocation Service, the Welfare Department—sent their poor people to the counseling service. "We're actually filling a city function—unpaid," she said.[150]

All of the counseling services followed essentially the same process in counseling potential 235 buyers. They first obtained information from the buyers on their financial status and family size to determine their eligibility under the program. Next, they explained the details of the program—the amount of mortgage subsidy, the downpayment, the terms of the mortgage, and the price of the house the applicant could afford. Then they referred the buyer to a "cooperating broker" who was willing to sell to 235 applicants.

All the counselors interviewed had encountered real estate brokers who refused to cooperate with section 235 buyers. A Philadelphia counselor said:

> The resistance on the part of the brokers was phenomenal. Most of them had never heard of the program and when people came in to ask about it, they would claim it didn't exist. . . . Some were actually insulting to clients over the telephone.[151]

A St. Louis counselor said:

> Some brokers won't deal with 235 buyers at all—or any low-income buyers. The broker still prefers dealing with the high-income person, even for the same house. The brokers tend to tell 235 buyers they can't buy more expensive houses. That's because they're speculators and they don't have more expensive housing to sell. The brokers can and should be policed. If people knew their position—their rights—the broker couldn't get away with telling them anything he wants to.[152]

According to a Denver counselor:

> People go to a broker and get turned off. They are told they can't afford to buy a house. Most real estate brokers in Denver have never worked with minority people. They are bastions of conservatism.[153]

When faced with resistance on the part of many brokers, each counseling service, out of necessity, developed a list of "cooperating brokers" and referred applicants only to them. Many of these cooperating brokers were the same real estate brokers interviewed by Commission staff—those brokers who deal in the "black market" and specialize in "changing" neighborhoods. Thus, the counseling services were forced into the position of cooperating in the perpetuation of residential segregation.

### Racial Attitudes of Counseling Services

The counseling agencies all are dedicated to opening up new housing opportunities for minority families in majority areas. Faced with the twin realities of a discriminatory housing market and the desperate housing need of minority families, however, integration often seems a middle class luxury.

Many counselors interviewed by Commission staff expressed impatience when asked about the segregated patterns of Section 235 housing. A Philadelphia counselor said: "No one I counseled wanted to buy in a white area." [154] In St. Louis, the view was expressed that: "People generally want to live in areas where they've heard they can buy. . . . They want to live near their friends or their jobs." [155] And in Denver, Commission staff was told:

> Hispanos want to stay in their own communities, just like blacks. I'm talking about people who need to be in the core city. Their jobs are in the core city. They need to be near their families. They depend on their families for babysitting.[156]

Counselors conceded, however, that the personal choice of minority buyers was not the sole factor responsible for the segregated patterns. They also reported that most 235 buyers were vulnerable to steering by real estate brokers. For example, a Philadelphia counselor said:

> People never have any idea what they want when they go to a Realtor. Some have no idea of what neighborhood

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to use a garbage disposal." This issue was discussed in the Report of the House Committee on Banking and Currency on abuses in the 235 program which stated " . . . no homeowner can be expected to cope with poor construction, cracked foundations, improper wiring, and a general failure of contractors to meet local building and maintenance requirements." And Commission staff found that most complaints of 235 buyers—water in the basement, nonworking furnaces, holes in the sewer lines, etc. could not possibly be attributed to faulty maintenance on the part of the present buyers.

[149] Interview: Philadelphia Urban League, June 15, 1970.

[150] *Id.*

[151] *Id.*

[152] *Supra* note 65.

[153] *Supra* note 79.

[154] *Supra* note 149.

[155] *Supra* note 65.

[156] *Supra* note 79.

## QUESTIONS

**IF I AM ON PUBLIC ASSISTANCE, CAN I BUY A HOUSE?**

YES - There will be a lien placed on the property, but the house is still yours, and can be passed on to your children. If you already own a house and want to buy a new one, the lien can be transferred.

**HOW EXPENSIVE A HOUSE CAN I BUY?**

HIC will assist you in determining the price of house you can afford under this program.

**I LIVE IN PUBLIC HOUSING NOW. WHAT ARE THE ADVANTAGES OF BUYING?**

The house will be yours as long as you want it. As your income goes up, your monthly payments are adjusted accordingly and, of course, the money you pay into your house builds equity for you.

**MY WIFE AND I LIVE ON OLD-AGE PENSION. CAN WE BUY?**

Yes you can.

**HOW DO I GO ABOUT BUYING MY HOUSE?**

Call the Housing Information Center:

**Telephone:** SH 8-1147

*A Free Service*

## HOUSING INFORMATION CENTER

**Philadelphia Urban League**
**151 N. 52nd Street**
**Philadelphia, Pennsylvania 19139**

**Telephone:**
SH 8-1147
. . . call anytime!

**OFFICE HOURS**

9 - 5 weekdays

Evenings and Weekends
by appointment.

A UNITED FUND AGENCY

**EXHIBIT J**

# OWN YOUR HOME

# NOW!

# 1968 HOUSING ACT - SECTION 235

# HOME OWNERSHIP FOR LOWER INCOME FAMILIES

**If your annual income is LESS than the amount shown on this chart for your family size, then you may be eligible to buy a house with government subsidy.**

| FAMILY SIZE | Adjusted Gross Annual Income * |
|---|---|
| 1 | $4320 |
| 2 | 4860 |
| 3 or 4 | 5130 |
| 5 or 6 | 5400 |
| 7 or 8 | 5670 |
| 9 or more | 5940 |

***ADJUSTED GROSS ANNUAL INCOME**

Take your total yearly income (before deductions) and subtract $300 for each minor child.

This is the AGAI.

## HOW THE PROGRAM WORKS

If you qualify (see above chart), the Housing Information Center will help you determine the price of house you can afford. You then select a house, in the area of your choice, from any FHA financed house for sale.

You will need about $200 cash. Other settlement costs will be included in the mortgage.

Your monthly payments will be at least 20% of your "Adjusted Gross Monthly Income" (divide 60 into the AGAI*). The government will pay the balance of the monthly payments. This means that the interest rate on your mortgage may be as low as 1%.

## SELECT YOUR OWN NEIGHBORHOOD

Any house for sale with FHA financing and costing less than $17,500 is available under this program for families with 5 or more children, the mortgage may go as high as $20,000.

## FAMILIES WITH POOR CREDIT HISTORIES

A family with a faulty credit record may be able to buy under this program by special arrangement.

Ask the Housing Information Center for details.

> they want. . . . Some counselees told me they were shown one or two houses and told, this is what you can buy under the 235 program.[157]

According to a St. Louis counselor:

> Some people just say they would like to live in a nice area. . . . When we asked some applicants if they would be willing to move to St. Charles[158] they said yes without even knowing where it is. . . . You have to take them by the hand.[159]

Counselors also commented on the overt racial discrimination which minority buyers often face. A Denver counselor told Commission staff of a telephone call he had received from a white real estate broker who works in a predominantly white neighborhood in southeast Denver. The broker had told of a black family that had come to him looking for a house. The income and credit rating of the buyer had been good and, therefore, the broker had wanted to help him. He had asked the counselor, "Do you know of a black broker who would sell to him?" The counselor had suggested that the broker show the family houses himself but the broker refused to do so.[160]

St. Louis counselors said that brokers in suburban St. Louis County would sell existing houses under the 235 program to white clients but not to black. One such real estate agency, according to an Urban League staff member, had turned away all black clients, saying the St. Louis County sellers did not want to sell under 235. But the same agency, she said, had shown houses throughout the county to white prospects. And a white buyer, who was referred to the Urban League by FHA for section 237 credit counseling, had purchased a house in St. Louis County under the 235 program from the same real estate agency.[161]

The prinicipal concern of counselors was not the segregated buying patterns, but rather the quality of existing houses which the 235 buyers were purchasing. All of the counselors attempted to establish followup relationships with buyers. But these relationships showed such a tenuousness that the counselors were uneasy. They feared that more buyers than they actually had knowledge of were experiencing serious problems with their houses.

A Philadelphia counselor told Commission staff that she had had many telephone calls from buyers she had counseled who had purchased and moved into existing houses and then encountered plumbing and electrical deficiencies. She said one buyer had moved into a house which did not have a furnace.[162]

A St. Louis counselor reported the same situation was occurring in St. Louis. But she emphasized:

> Real estate brokers are misinforming everyone, not just 235 buyers. The process for appraising and predicating is the same for 235 as for any other FHA program.[163]

Another St. Louis counselor complained that the public is unconcerned about the quality of houses being purchased by inner-city buyers under nonsubsidized FHA programs. She said: "People get all self-righteous about the 235 program because it is subsidized."[164]

A Denver counselor told Commission staff that: "Some of the 235 houses are falling apart the next day;" and asked: "Where are the watchdogs?"[165] The counselor said that actually he gets very few complaints from 235 buyers but he suspects many buyers do not complain "because people don't like to admit they've been taken."[166]

The counselors are faced with the following dilemma: The low-income minority families whom they counsel experience racial discrimination and encounter outright rejection from many real estate brokers. If the counselor wishes to help these families become homeowners under the 235 program, he generally must refer them to cooperative brokers who will sell to them. Since some of these cooperative brokers sell the 235 applicants deteriorating housing in ghetto neighborhoods, this frequently leaves the counselor with one alternative—to refer 235 applicants to real estate brokers who handle "changing" neighborhoods.

If the counseling services were defensive in responding to questions about segregated 235 buyer patterns, they were even more defensive concerning questions about the referral of minority applicants to "changing" neighborhoods. According to many of them, houses in neighborhoods changing from white to minority areas were in better condition than houses in ghetto areas [167] and were, in fact, the best buys in the city. For example, a staff member of the Metropolitan Denver Fair Housing Center said:

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[157] *Supra* note 149.

[158] St. Charles is a town located in St. Charles County adjacent to and across the Missouri River from St. Louis County. It is connected to St. Louis County by the Mark Twain Expressway. St. Charles Hills, a predominantly white development located in St. Charles has new houses for sale under section 235.

[159] *Supra* note 65.

[160] *Supra* note 79.

[161] *Supra* note 65.

[162] *Supra* note 149. This buyer was not participating in the 235 program but had purchased a house with an FHA section 221 mortgage. The counselor stressed that many low-income inner-city buyers, and not just 235 buyers, were purchasing inferior houses.

[163] *Supra* note 65. When an FHA appraiser finds structural defects in a house he is appraising, he is supposed to predicate the value upon repairs which the seller must make before the house is accepted for FHA insurance.

[164] *Id.*

[165] *Supra* note 79.

[166] *Id.*

> Our aim is not necessarily integration. We want to get decent housing that people can afford. Park Hill has the best houses in town. It's Denver's showcase integrated neighborhood.[168]

### The Welfare Department and Section 235

In more than one-third of the Section 235 cases analyzed by Commission staff, purchasers were receiving public assistance. In St. Louis and Philadelphia, more than half of the 235 buyers were receiving public assistance, primarily Aid to Families with Dependent Children (AFDC).[169] A January 1969 report on welfare and housing by the Department of Health, Education, and Welfare states:

> . . . it is estimated that at least one-half of all assistance receipients live in housing which is deteriorating or dilapidated, unsafe, unsanitary or overcrowded. . . . It is estimated that 60 percent of AFDC families are living in sub-standard, deteriorating, or overcrowded housing. State and local studies consistently report higher proportions of defective housing for AFDC families than for the other public assistance categories. Some reasons for this are that a higher proportion live in urban areas, families are larger, the proportion of nonwhites is higher and there is a high proportion of fatherless families who have difficulty in obtaining and maintaining adequate housing.[170]

All of the welfare departments surveyed by Commission staff (St. Louis City and St. Louis County, Philadelphia, and Denver)[171] approved of the 235 program as a housing resource for their clients. For example, an employee of the Philadelphia County Board of Assistance told Commission staff that they recommend the 235 program to welfare recipients because "it is a way for people to move to a better neighborhood." [172] She said many of their 235 buyers had formerly lived in public housing and "they were afraid of the gangs. They wanted to get out of their old neighborhoods." [173]

An employee of the Denver Department of Welfare said that his agency approved of the 235 program as a housing resource for welfare recipients because "the mortgage payments are lower than rent payments and the housing is always better." [174] He said, "Indeed, they [235 buyers] do improve their housing conditions and their neighborhood." [175] And an employee of the St. Louis County Welfare Department said that his department recommends the 235 program to families they think can benefit from it.[176]

Although welfare departments saw the 235 program as a valuable housing resource for their clients, little was being done in a systematic way to assure that they were thoroughly familiar with the program and the benefits it offered. In Philadelphia and St. Louis, where the welfare departments are not responsible for finding shelter for welfare recipients, employees seemed least familiar with the operation of the 235 program.

A Philadelphia welfare employee said that her department did not keep track of 235 buyers on public assistance because: "the program is only a few months old." [177] The director of the St. Louis City Department of Welfare reported that the caseworkers are somewhat aware of the 235 programs—"resourceful workers" pick up pamphlets from the FHA office.[178] He told Commission staff that the program should be publicized, especially to the welfare department, and that HUD or FHA should have notified them about the program.[179]

A broker/speculator held one briefing session to explain the 235 program to caseworkers employed by the St. Louis County Welfare Department but this was the only information on the program the county welfare department received. The assistant director of the department told Commission staff that the welfare department is the last to hear anything about an FHA program.[180]

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[167] The Commission's survey of 235 houses revealed that this often is true. Buyers in "changing" neighborhoods such as Park Hill (Denver), Wynnefield and West Oak Lane (Philadelphia), Normandy School District, and University City (St. Louis) had the fewest complaints about the condition of their houses. See Exhibits K and L, pp. 70–71.

[168] *Supra* note 79. This same staff member indicated that the Fair Housing Center is not entirely in sympathy with a Park Hill Community group which concerns itself with zoning to "stabilize the neighborhood."

The average sales price of sample 235 houses located in the Park Hill area was nearly $3,000 higher than the average sales price of existing houses purchased by Spanish surname families and nearly $1,000 higher than the average sales price of existing houses purchased by whites.

[169] Over 60 percent of all 235 buyers in the sample who received public assistance were receiving aid for dependent children.

[170] HEW Report to the House Ways and Means Committee and the Senate Finance Committee. The Role of Public Welfare in Housing, 11 (January 1969).

[171] In Arkansas, three of the 82 section 235 buyers surveyed were receiving social security in addition to other income. However, most public assistance recipients in Arkansas do not receive enough money to enable them to purchase a house under the 235 program. In August 1968, the average AFDC family in Arkansas received $78.40 a month. *Id.*, table 6.

[172] Interview-Community Relations Office, Philadelphia County Board of Assistance, July 14, 1970.

[173] *Id.*

[174] Interview-Denver Department of Welfare, Aug. 5, 1970.

[175] *Id.*

[176] Interview-St. Louis County Welfare Department, Aug. 26, 1970.

[177] *Supra* note 172.

[178] Interview—St. Louis City Department of Welfare, Aug. 24, 1970.

[179] *Id.*

[180] *Supra* note 176.

## The Welfare Department and Substandard 235 Housing

Although most welfare department employees interviewed by Commission staff indicated that they had heard that some defective houses were being purchased by 235 buyers, their sense of responsibility for the houses purchased by welfare recipients varied widely.

### Philadelphia

The least concern was shown by an employee of the Philadelphia County Board of Assistance. When asked if her agency had received any complaints from Philadelphia welfare clients who had purchased 235 houses, the employee of the Community Relations Office replied:

> The house is all right when they move in. FHA inspects the house and they have standards. If there is anything wrong afterward, that's their problem.[181]

Interestingly enough, the State of Pennsylvania, unlike Colorado and Missouri, has a financial stake in a 235 house purchased by a welfare recipient, in that the State records liens against property owned by welfare recipients.[182] This means that if a Philadelphia 235 buyer were to sell his house, the welfare department could claim part or all of the money received from the sale, depending on the amount of public assistance received by the 235 buyer.[183]

When Commission staff members inquired about the effect of the lien on Philadelphia 235 buyers receiving public assistance, they learned that many buyers were not aware of the claim on their newly acquired properties. An employee of the Philadelphia Urban League counseling staff said she never mentions the lien when counseling potential 235 buyers. She said telling them about the lien might discourage them and, "even if they never really own their house, they have the freedom of living in their own place without restrictive landlords and living in better houses in better neighborhoods." [184] She added that they are hopeful that the practice of recording liens against the property of welfare recipients may be discontinued in the State of Pennsylvania.[185]

### St. Louis

The St. Louis City Department of Welfare, having no responsibility to find shelter for welfare recipients, did not concern itself with the location or condition of 235 houses.[186] Although the St. Louis County Welfare Department also has no shelter responsibilities, officials there did keep a record of recipients who purchased 235 houses. Employees of the county department noted that many welfare 235 buyers are mothers without husbands who are unfamiliar with homebuying or home maintenance. They reported that the welfare department does not furnish money for repairs and few buyers can afford them. In fact, they said, finding the $200 down payment often is difficult. "Two hundred dollars is $2,000 to welfare people." [187] One employee said that brokers give no consideration to the size of the family in relation to the number of bedrooms in a 235 house. Another said that FHA never reinspects after the seller has supposedly made repairs required by FHA appraisers. But although the St. Louis County Welfare Department employees were concerned about the plight of welfare 235 buyers, they did not feel that the welfare department could prevent 235 buyers from purchasing unwisely since "the caseworkers are women and they don't know what to look for when buying a house either." [188]

### Denver

The Denver Department of Welfare has responsibility for finding shelter for recipients of public assistance. The agency maintains a housing and real property unit, headed by a former Denver real estate broker, which has taken an active role in helping welfare 235 buyers obtain decent housing.

The Denver Welfare Department does not refer potential 235 applicants to the local counseling service (MDFC) because, according to one staff member, "they get too many calls" [189] and applicants must wait a long time for a counseling appointment. Instead, the caseworkers explain the 235 program to welfare recipients, using an FHA checklist on the important aspects of homeownership. Then, like the counseling services, the caseworkers refer the potential 235 buyers to real estate brokers. "Some brokers," said the representative of the welfare department, "discourage our people from buying by telling them they don't qualify. People tell us and we simply refer them to another broker." [190]

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[181] *Supra* note 172.

[182] Pennsylvania is one of only seven States that provide for claims against the property of AFDC recipients. *Supra* note 170. This practice is now being challenged in the courts and on Feb. 11, 1971, the U.S. District Court of the Eastern District of Pennsylvania issued a temporary restraining order enjoining the Pennsylvania State Department of Welfare from recording liens on the property of AFDC recipients in the State of Pennsylvania. (Charleston V. Wohlgemath, C.A. No. 70-3479, U.S.D.C., E.D., Pa., Feb. 11, 1971).

[183] The Federal Government would receive its proportionate share of the moneys so recovered. *Supra* note 170. Therefore, in Philadelphia, the Federal Government is helping welfare recipients buy houses and, at the same time, is laying claim to the same houses.

[184] *Supra* note 149, July 17, 1970.

[185] *Id.*

[186] *Supra* note 178.

[187] *Supra* note 176.

[188] *Supra* note 174, Supervisor of Special Services.

Under an agreement with the local FHA Insuring Office, mortgagees notify the welfare department when an applicant asks for a 235 mortgage. At this point the house has already been appraised by FHA. Upon notification by the mortgagee, the welfare department inspects the potential 235 house, checking such items as the hot water system, the plumbing, the wiring, the furnace, and the structure. If the house needs repairs, the welfare department has sometimes insisted that the owner or broker make them. In addition, the buyer is told by the department to get all repair guarantees by the seller in writing. If the house is in especially poor condition, the welfare department recommends buyers not to purchase the house. Although the department cannot keep recipients from buying the house, "most of the time they do listen to the department." [191]

The supervisor of special services at the Denver Department of Welfare told Commission staff that before the advent of the 235 program,[192] welfare recipients used to buy on land contract,[193] and often found themselves in financial straits. He said that since Sections 235 and 221 have been in existence, few people have wanted to buy on land contract.[194]

### The Welfare Department and Racial Segregation

The welfare departments were relatively unconcerned with the racial composition of neighborhoods into which welfare 235 buyers were moving. An employee of the St. Louis County Welfare Department told Commission staff that the welfare 235 buyers are "being guided by real estate brokers into formerly white changing areas." According to the department employee, this steering is salutary in that it enables the welfare recipients to move into better houses in better neighborhoods.[195] Welfare clients are often in desperate need of decent housing. Therefore the welfare departments, even more than the counseling services, consider integration an unrealistic luxury.

### The Role of Neighborhood Groups

More half the 235 buyers in the total sample who purchased existing houses purchased them in racially changing neighborhoods. Most were minority buyers. Current residents of these neighborhoods have no role in producing the segregated 235 housing pattern. They are, however, directly affected by it.

### Neighborhood Resistance

In some areas, where the existence of the 235 program has been given wide publicity, residents of changing neighborhoods have organized to protest against the effect of the program in upsetting the racial stability of their areas.

In March 1970, members of a neighborhood association in the Skinker-DeBaliviere area [196] in St. Louis, Mo. met to discuss discriminatory real estate practices and the Section 235 program. A citizens' committee was formed to gather community support for a letter to be sent to FHA asking it to halt 235 purchases in the area, pending an investigation into the locational patterns of Section 235 buyers.[197]

In June, after FHA had proven unresponsive to the community group, they filed suit in Federal district court naming Secretary Romney and the Director of the St. Louis FHA office as defendants. Alleging that FHA assisted real estate brokers who steered 235 buyers away from white areas and into "changing or integrated areas", the complainants asked the court for a temporary restraining order to halt additional commitments under Section 235 within the Skinker-DeBaliviere area. (See App. D)

After the suit was filed, FHA staff in Washington consulted with the community group and an informal agreement was reached to suspend 235 commitments in the Skinker-DeBaliviere area until the St. Louis HUD Area Office had instituted policies to eliminate these practices. The group then signed a stipulation to delay pleadings.[198]

When Commission staff asked one neighborhood resident how he could be certain that HUD was holding to its agreement, he replied that residents were keeping track of all property sales in the area. He said: 'Some gal out of Pruitt-Igo,[199] we'll know how she got there." [200]

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[190] *Id.*

[191] *Id.*

[192] Prior to 1968, welfare recipients in Denver were not permitted to buy property. This rule was changed to allow welfare recipients to take advantage of the new Federal programs for homeownership.

[193] A land contract is different from a mortgage in that the land contract buyer accrues no equity and in some cases, after making "mortgage payments" over many years, land contract buyers can be evicted after missing one month's payment.

[194] *Supra* note 174.

[195] *Supra* note 176.

[196] According to a resident of the area, interviewed Aug. 24, 1970, the Skinker-DeBaliviere area is approximately 60 to 65 percent black.

[197] "Residential Service Formed to Attract New Residents, Attack Housing Problems", The Paper, May 1970, St. Louis, Mo.

[198] Telephone conversation with John Roach, attorney for the plaintiffs, Aug. 21, 1970.

In late 1970, pursuant to a motion by the defendant, the suit was dismissed. The community group does not intend to pursue the matter in view of the suspension of the 235 program as it relates to the sale of existing housing.[201] According to a lawyer for the complainants: "The program has been suspended; we're satisfied with that." [202]

Other residents of "changing" neighborhoods in St. Louis also were disturbed over the influx of section 235 buyers. A resident of the Walnut Park area [203] was quoted by a newspaper reporter as saying:

> A neighborhood can take only so many of these families, . . . and Walnut Park is getting more than it can absorb. Unless these buyers can keep those marginal houses up, the area will turn into another slum requiring millions of dollars for rehabilitation.[204]

One St. Louis resident, A. J. Wilson, former director of human resources in University City, a "changing" area, wrote U.S. Senator Thomas Eagleton requesting an investigation of the operation of the 235 program. In his letter, Mr. Wilson stated:

> During my work for the City of University City it became very clear that the 235 loan program was being used most extensively by known real estate speculators for the purpose of selling property they were holding and with the effective intention to perpetuate segregation; racially and socioeconomically . . . It is clear that the 235 Loan Program is being used to subsidize the economic activity of speculators and real estate agents, who are steering black persons of lower economic status only to all black or integrated areas.[205]

In Denver, members of the Greater Park Hill Improvement Association [206] were concerned over a "dispersed housing project" of the Denver Public Housing Authority.[207] Under this program, the Denver Public Housing Authority is using FHA-acquired properties to establish a rental-purchase program for public housing tenants in Denver.[208] According to a Park Hill representative, many of these public housing tenants were being placed in the Park Hill area.[209]

When Commission staff members asked the Park Hill representative his opinion of the reason for the concentration, also, of black 235 buyers in the Park Hill area, he replied that black buyers are steered to the Park Hill area by brokers, but that white buyers are steered away from it. He spoke of a white buyer who had expressed interest in the Park Hill area and was advised by a broker: "You don't want to live there. That's where the colored people live." [210] The Park Hill representative said that some Denver real estate brokers cooperate in the stabilization of Park Hill [211] but most "work against the Park Hill effort." [212]

Residents of "changing" neighborhoods in both St. Louis and Denver maintained that their opposition to low-income housing programs was not based on racial or even economic discrimination. They said they feared that an overly large influx of low-income minority families into their already integrated neighborhoods would result in overcrowding of neighborhood schools,[213] overtaxed city services, and "redlining" of the areas by local lending institutions.[214] The inevitable result, they claimed, would be resegregation.

## The Predicament of the "Changing" Neighborhood

The Commission's survey of 235 houses revealed that, in most cases, the only attractive housing made available to minority families was located in "changing" neighborhoods. The sole alternative which real estate brokers offered minority families was housing in ghetto areas, much of which was in poor physical condition. And many 235 buyers who have been trying to get out of similar ghettos neighborhoods which they consider unsafe, have chosen "changing" neighborhoods.

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[199] Pruitt and Igo are public housing projects in St. Louis, Mo.

[200] Interview-Resident of the Skinker-DeBaliviere area, St. Louis, Mo., Aug. 21, 1970.

[201] The suspension of the 235 program will be discussed in a later chapter.

[202] *Supra* note 198, Feb. 3, 1971.

[203] Fifteen of the 79 houses in the St. Louis sample were located in the Walnut Park.

[204] E. S. Evans, "Subsidized Home Sales Limited to Few Areas," St. Louis Post-Dispatch, June 1, 1970.

[205] Letter from A. J. Wilson, Jr., executive director, St. Louis County Municipal League to Senator Thomas F. Eagleton, Aug. 5, 1970.

[206] The Greater Park Hill Improvement Association is a coalition of two former organizations—The Park Hill Civic Association and the Park Hill Improvement Association. Their goal is to keep the Park Hill area integrated and maintain and improve community services. The area is now estimated to be 40 percent black.

[207] Interview-Member of the Greater Park Hill Improvement Association, Denver, Aug. 4, 1970.

[208] Interview-Leonard Chadwick, Denver Housing Authority, Aug. 6, 1970.

[209] *Supra* Note 207.

[210] *Id.*

[211] Commission staff interviewed a black Philadelphia broker who expressed concern for the racial stability of a "changing" area. He said he had never sold a house under 235 because he works in the Mt. Airy area and he feels a "responsibility to the neighborhood. If welfare mothers with a lot of children move into the area, all the whites will leave." He said he did not know 235 buyers could be moderate-income families. Philadelphia Broker Interview No. 5, July 18, 1970.

[212] *Supra* note 207.

[213] According to the Skinker-DeBaliviere representative, housing patterns correspond with certain school patterns. The schools in St. Louis which bus out the largest number of students due to overcrowding are located in "changing" neighborhoods.

[214] According to the Park Hill representative, when Park Hill integrated, the middle management of a local savings and loan association issued a memo directing staff to discontinue mortgage lending in the Park Hill area.

In some of these "changing" areas, residents have opposed the movement of 235 buyers into their neighborhoods. Disregarded by local counseling services, overwhelmed by the discriminatory separate housing market maintained by the housing and home finance industry, and ignored by FHA, they find themselves alone in attempting to stop the funneling of Section 235 buyers into their areas.

They maintain that they are not trying to preserve all-white neighborhoods since their neighborhoods are already integrated. They are also not opposed to racial integration since, if they were, they would move elsewhere. Rather, they are concerned with upgrading the quality of their neighborhood and its facilities. They see the influx of large numbers of lower-income minority families as a threat to these efforts, leading inevitably to neighborhood deterioration and resegregation.

Regardless of their motivation, however, the net result is that they are attempting to exclude lower-income minority families from their neighborhoods. The only feasible answer to their predicament lies in the establishment of a single open housing market and the termination of the separate and unequal housing markets that now exist, a task well beyond the powers of small neighborhood improvement organizations.

## SUMMARY

Local community groups and agencies have been involved in the operation of the 235 program in their areas, primarily through the provision of voluntary counseling services. Local counseling services have disseminated information on the 235 program to potential buyers and welfare departments have encouraged welfare recipients to take advantage of 235 assistance. Both welfare departments and counseling services, however, have been handicapped by a lack of information from FHA, the originating agency.

With the exception of Denver, most of the local groups who were interviewed have taken little action to protect the potential 235 buyer from unscrupulous real estate brokers or sellers. And since the 235 program relies upon the real estate industry for its initiation, local agencies have been forced to seek out brokers and mortgage companies who would cooperate in the program. These same brokers have sometimes been those who are profiting from the 235 program at the expense of the lower-income buyer.

Local referral agencies, faced with the realities of a discriminatory housing market and needy buyers, have largely abandoned the goal of racial integration and concentrate instead on helping 235 applicants improve their housing conditions, even if in segregated or "changing" areas. Residents of "changing" areas, where much of this housing is located, sometimes oppose the 235 program fearing that the influx of low-income minority families into their neighborhoods will lead to the deterioration of their integrated neighborhoods and subsequent resegregation.

## CHAPTER III

# THE ROLE OF FHA

The Federal Housing Administration (FHA) was created in 1934 for the purpose of stimulating the private housing and home finance industry to provide the housing that the Nation needed. The means chosen to accomplish this was the facilitation of housing credit through insurance of mortgages made by private lenders. In the years following the establishment of FHA mortgage insurance programs, the agency became a major factor in the housing industry. Between 1935 and 1954, 3.76 million houses were provided with mortgages underwritten by FHA—nearly 23 percent of all new housing built during that period.[215]

FHA, however, has not served all segments of the housing market equally well. Over the years, the agency acquired a deserved reputation for confining its service mostly to white, middle class, suburban home buyers. The National Commission on Urban Problems summarized FHA's failings in this area:

> The main weakness of FHA from a social point of view has not been in what it has done, but in what it has failed to do—in its relative neglect of the inner cities and of the poor, and especially Negro poor. Believing firmly that the poor were bad credit risks and that the presence of Negroes tended to lower real estate values, FHA has generally regarded loans to such groups as 'economically unsound.' Until recently, therefore, FHA benefits have been confined almost exclusively to the middle class, and primarily only to the middle section of the middle class. The poor and those on the fringes of poverty have been almost completely excluded.[216]

As an example of FHA's resistance to serving the poor, the Report of the National Commission on Urban Problems cited the Rent Supplement Program.[217] In 1967, 2 years after the enactment of the Rent Supplement Program, only 921 units had been completed in 12 rent supplement projects. This low production was attributed by the National Commission to difficulties encountered or anticipated by rent supplement sponsors and the "hostile treatment at the hands of FHA." [218] According to the Report:

> . . . the rank and file officials in district and local (FHA) offices were, in many cases, highly unsympathetic. They were accustomed to dealing with the conservative real estate and financial community. They did not feel at home in having business dealings with churches and philanthropists whom they tended to regard as soft and impractical. Nor did they welcome having the poor as their constituents. This was a social class whom they had never served and who seemed alien to their interests and associations.[219]

Top FHA officials have recently made efforts to alter the discriminatory attitudes of local FHA staff. In 1967, the Deputy Assistant Secretary of FHA addressed a Washington Conference of FHA Directors and Chief Underwriters and told them that "FHA is unequivocably committed to equality in housing and employment." [220] According to the Deputy Assistant Secretary:

> We have not done well enough in providing housing for minority families. The conclusion is inescapable when you look at the record of a number of large urban centers and see that virtually no minority family housing has been provided through FHA. And these are urban centers with large concentrations of minority citizens.[221]

In 1968, FHA was given an opportunity to overcome its image as an antipoor, antiminority Government agency. The 1968 Housing and Urban Development Act entrusted FHA with the administration of several new housing programs designed to assist low- and moderate-income families. Among them was the new homeownership program—Section 235.

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[215] National Commission on Urban Problems, "Building the American City," 94 (1968).

[216] *Id.* at 100.

[217] The Rent Supplement Program was enacted in 1965 (Housing and Urban Development Act of 1965, Pub. Law No. 89–117, 79 Stat. 451, Title I, as amended.) It provides for rent supplement payments of the difference between 25 percent of the tenants' income and fair market rental made to owners of private housing projects financed under certain HUD programs or under State or local programs that provide loan insurance or tax abatements, if the projects are approved for rent supplement before completion of construction or rehabilitation. Tenants must meet certain qualifications.

[218] *Supra* note 215 at 150.

[219] *Id.*

[220] Remarks of Philip J. Maloney, Deputy Assistant Secretary-Deputy FHA Commissioner, To the Washington Conference of FHA Directors and Chief Underwriters, Oct. 25, 1967.

[221] *Id.*

### FHA and the Section 235 Program

All FHA financed housing—subsidized as well as nonsubsidized—is marketed through private channels. Even when there is a default under an FHA mortgage and the agency acquires the property, it is managed and sold by private real estate brokers. In fact, the 235 program, like other FHA-insured housing programs, was designed not as a direct Federal lending or construction program but as a mechanism for encouraging the private housing and home finance to produce, finance, and make available housing for low- and moderate-income families. The success of the program depends on the willingness of private industry to participate. As former HUD Secretary Weaver said, when discussing the proposed housing legislation:

> The Government can provide the financial incentive for this housing, but, unless the private builder, mortgage banker, contractor and industrialist are willing to participate, little can be accomplished.[222]

Thus, the decision to give the private housing and home finance industry primary responsibility for operating the 235 program, including publicizing the availability of 235 financing and soliciting potential 235 buyers, was very much in keeping with FHA tradition. Under Section 235, FHA has confined itself essentially to the same role it plays in all it single family insurance programs—approval or rejection of mortgage insurance applications submitted to FHA by approved mortgages.

Consequently, like the mortgagee, FHA's role in producing the housing pattern of 235 buyers is essentially a passive one. In fact, FHA disclaims responsibility for the segregated patterns that have developed by pointing to this passive role. To illustrate, when questioned by a reporter about the concentration of 235 buyers in "changing" neighborhoods, the Director of the St. Louis FHA Insuring Office said that "the law gave him no control over location of Section 235 housing. If the buyer and house meet qualifications, FHA must approve the subsidy contract." [223] When questioned about the poor condition of some 235 houses, the Director of the St. Louis HUD Area Office told Commission staff to remember that "FHA isn't picking out the houses." [224] Another official explained: "The FHA appraisal is intended only to determine the value of the property for mortgage insurance purposes—to assure the money lender, not the property buyer." [225] And the Assistant to the Director of the Philadelphia FHA Insuring Office referred commission staff to the local Urban League counseling service for information on the 235 program since, as he put it: "We don't deal with the buyer directly." [226]

Despite the fact that FHA disclaims any responsibility for the house which the 235 buyer decides to purchase, many real estate brokers use FHA's name in their advertising, giving buyers the impression that the agency is prepared to protect their interests. Although this practice is prohibited under FHA policy, advertisements such as the following frequently appear:

**FHA–VA APPROVED HOMES**[227]
Singles, Twins, Rows, Duplexes

DUPLEX—Stone & Brick, Convenient[228]
Corner location. FHA Approved.

**FHA APPROVED**[229]
2 bedroom brick
4118 N. Taylor
All new plumbing.

**FHA APPROVED**[230]
4969 Emerson: 6 room brick; 3
large bedrooms. 1,400 sq. ft. gas
heat, fireplace. Agent xxx-xxxx

Perhaps the clearest illustration of FHA's view of its responsibility for the operation of the 235 program is found in a situation that occurred in Beecher, a suburban area outside of Flint, Michigan.

According to the superintendent of schools, before enactment of the 235 program, the Beecher School District had been a racially stable integrated area. Then FHA allowed builders constructing houses to be sold under the Section 235 program to concentrate these houses in the Beecher area. This has upset the racial balance in Beecher and led to the schools becoming overcrowded and predominantly black. White families are beginning to move from the area. The superintendent of the Beecher School District

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[222] *Supra* note 134 at 12.

[223] *Supra* note 204.

[224] Interview-Director, HUD Area Office, St. Louis, Aug. 28, 1970.

[225] "New HUD Head to Study Home Sales to the Poor," St. Louis Post-Dispatch, Aug. 10, 1970. Pursuant to this policy, HUD prepared a standard letter to send to FHA-insured buyers who complained to FHA about the condition of their existing homes. See Exhibit M, p. 79.

[226] Interview-Assistant to director, Philadelphia FHA Insuring Office May 7. 1970.

[227] *Supra* note 47.

[228] *Id.*

[229] *Supra* note 45.

[230] *Id.*

6/15/66 **EXHIBIT M**

Exhibit 5913-9

(Suggested Type Reply to Complainant - Purchaser
of Existing Construction Property)

Re: FHA Case Number

Dear Mr. Homeowner:

I am replying to your recent letter concerning the difficulty you are experiencing with your home.

FHA issues two basic types of commitments. One type is on proposed construction, where we can examine the plans and specifications and make compliance inspections to assure that the completed property meets FHA's minimum standards; and the builder is required to furnish the homeowner a warranty.

It is FHA's policy to offer every assistance within the limits of its authority where the construction faults can be associated with a stage of construction inspected by FHA.

The other type of commitment is issued on existing properties. In cases involving existing construction, FHA does not make compliance inspections such as are made in connection with proposed construction. We make an appraisal of the property to determine the desirability and utility of the site and physical improvements in order to make an estimate of value, after taking into consideration both the defects and desirable characteristics of the property.

Since your property was purchased as an existing property in its "as is" condition without the benefit of a warranty, we regret to inform you that FHA cannot require the seller of your home to correct the items of deficiency reported in your letter.

Very truly yours,

Director

was quoted as saying: "We had one of the model integrated school systems in Michigan and now it is being ruined." [231]

Complaints from residents of the Beecher School District have led HUD to hold up further construction of federally subsidized low-income housing in the Beecher School District, pending further investigation. But when the FHA official responsible for the Flint area was questioned about the concentration of 235 housing in the Beecher School District, he was quoted as saying that the "impact of housing—any housing—on a community's schools is not my business, nor is racial balance." [232] He also noted that "the builder took the initiative in site selection." [233]

Although FHA's disclaimers of involvement may be questioned on many levels, the claim of noncontact with FHA buyers is true enough.[234] The only official direct contact with buyers is through the FHA counseling service.

### The FHA Counseling Service

In his 1969 testimony in Hearings on National Housing Goals, HUD Secretary Romney defended omission of a budget request for counseling funds under Sections 235 and 237 by submitting that 47 FHA offices were currently offering counseling services. However, there was no full-time counselor in any of the four FHA Insuring Offices surveyed as part of this study.

In Denver, counseling services are provided on a voluntary basis by five FHA employees, who perform this function in addition to their full-time duties. Actually, when prospective 235 buyers call the FHA office to inquire about the 235 program, they are referred to a broker.[235] In Philadelphia, the FHA official who carries out the counseling functions also manages the Rent Supplement Program in the geographic area covered by the Insuring Office. When a potential 235 buyer calls the Philadelphia FHA counseling service for information, he is told to go to a broker in his area.[236] While Commission staff was visiting the counseling office of the Philadelphia Insuring Office, such a call was received and the following advice was offered by an FHA employee:

> You should talk to a real estate broker about that. . . . Do you know what a real estate broker is? . . . Have you ever seen a plate glass window in your neighborhood with Real Estate written on it? . . . That's right, a real estate man. Just go and ask him and he has all the information. . . . That's right, he'll be able to tell you everything you need to know.[237]

In St. Louis, one Section 235 buyer had learned of the 235 program when he went into the FHA counseling office to ask about rentals. He said, however, that he did not understand what the program was until he visited the Urban League counseling service.[238] And an Urban League counselor in St. Louis told Commission staff: "I have no idea what the FHA counseling service does." [239]

The inadequate staffing of the FHA counseling service was matched by the lack of staff assigned to administer the section 235 program.

### FHA Administration of Section 235

Mortgagees and real estate brokers frequently told Commission staff that FHA was negligent in informing them of changes in Section 235 program procedures. One reason for this undoubtedly is inadequate staffing for FHA. When Commission staff members asked to speak to the person in charge of the 235 program in the Insuring Offices, they were frequently referred to individuals who had various other duties assigned to them. In Denver, one individual had responsibility for Sections 236, 237, and the rent supplement program, as well as for 235, for the State of Colorado. Understandably, this FHA official claimed that he lacked the staff to do an adequate job.[240] In Philadelphia, Commission staff was referred to a supervisory loan specialist who also handled mortgage loan applications under other FHA programs. This staff member was unaware of the predominance of short-term 235 mortgages in Philadelphia [241] and said he had been curious about the type of houses being sold under the program.[242]

Some FHA staff members expressed doubts about the 235 program similar to those expressed by members of the real estate industry.[243] For example, one FHA staff member labelled the program "a give-away program" and claimed that many 235 buyers give false information about their incomes.[244] Other FHA staff members predicted a high foreclosure rate for section 235 buyers, "considering the type of people participating in the program." [245] When, in fact, the foreclosure rate was not found to be high,[246] one central office FHA staff member who had forecast many foreclosures under 235 decided that it was too soon to make a judgment about the section 235 foreclosure rate.[247]

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[231] Peter Braestrip, "HUD's Biggest Housing Effort Runs Into Trouble in Michigan," Washington Post, Feb. 16, 1971.

[232] *Id.*

[233] *Id.*

[234] Few buyers interviewed by Commission staff had had any contact with FHA staff. One buyer thought that 235 was the real estate broker's program (Philadelphia Buyer Interview No. 8, July 17, 1970).

[235] Interview-Denver FHA Insuring Office, Aug. 7, 1970.

[236] Interview-Secretary to the Counselor, Philadelphia FHA Insuring Office, May 7, 1970.

[237] *Id.*

[238] *Supra* note 74.

[239] *Supra* note 65.

[240] *Supra* note 235.

[241] More than half of the 235 mortgages in the Philadelphia sample were for 20-year terms or less.

[242] Interview, Philadelphia FHA Insuring Office, July 14, 1970.

[243] Many FHA staff members are recruited from or have connections with the real estate industry. For example, the director of the St. Louis FHA Insuring Office was formerly a prominent member of a local real estate firm.

Lack of staff and lack of enthusiasm are not the only complaints which have been made about FHA's administration of the 235 program. Undoubtedly, the most common and widely publicized charge has been that FHA has insured substandard existing section 235 houses. This problem, however, must be viewed in the context of changes in FHA policy concerning inner-city housing. More than 70 percent of existing houses contained in the Commission section 235 sample were located in inner-city areas.

### FHA and the Inner-City

As noted earlier, FHA has traditionally served the suburban homebuyer. During the past 5 years, FHA has made frequent, almost annual, efforts to change this policy. These efforts have often been unsuccessful, partly due to a lack of communication between the national office and local FHA insuring offices.

### 1965

FHA's first tentative gestures toward inner-city housing came in 1965 when an FHA Commissioner Letter No. 38 was sent to all insuring office directors. The letter noted that: 'In some instances, there has been hesitancy on the part of insuring offices to make FHA programs available in older neighborhoods," and stated that: "Areas should not be excluded from FHA insured loans merely because they are old and located in the central part of the city." [248]

### 1967

In 1967, Commission staff contacted an assistant to the then FHA Commissioner to determine how this directive was being carried out. He informed them that FHA had no means of checking on the implementation of Commissioner Letter No. 38 and that implementation depended largely on the individual preferences of FHA insuring office directors.[249] In fact, most were ignoring the directive and continuing to exclude many inner-city areas. A 1967 spotcheck by Commission staff revealed that the inner-city areas FHA would not insure were commonly (1) areas of racial transition or (2) areas in which the economic life of the area seemed unstable by middle-class real estate standards. According to community leaders interviewed by Commission staff, refusal of FHA to insure in these areas had led to: (1) widespread land contract buying; (2) high interest-rate loans by unscrupulous lenders; and, sometimes; (3) physical removal of savings and loan associations from these areas.[250]

In July 1967, another FHA Commissioner Letter was issued to FHA staff. The letter reiterated the policies set forth in the earlier Commissioner Letter and directed that "FHA will not designate entire communities or areas as ineligible for participation in its mortgage insurance operations." [251] (See App. E.)

### Congressional Intervention

In 1966, Congress had taken note of the absence of FHA insurance in inner-city areas and specifically authorized FHA to insure mortgages in areas of rioting or threatened disorders by amending section 203 of the National Housing Act.[252] In 1968, Congress decided to take stronger action. The Housing and Urban Development Act of 1968 thus contains a Section (233(e)) authorizing the Secretary of HUD to insure mortgages on properties in older, declining urban areas.

Before the 1968 legislation was passed, one witness warned a congressional subcommittee that the new directive to insure in the central city was too vague and might be misinterpreted by FHA.[253]

Congress specified that properties insured under section 223(e) could be of "acceptable risk" [254] and indicated an intent that FHA insure mortgages on properties which would formerly have been rejected by FHA because of their location. The report of the Senate Committee on Banking and Currency on the 1968 legislation clearly states that:

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[244] *Supra* note 83.

[245] Interview-Property Management Section, Philadelphia Insuring Office, July 14, 1970.

[246] As of August 1970, there had been one foreclosure and seven defaults under Section 235 in the State of Colorado (less than ½ of 1 percent). As of November 1970, there had been three foreclosures under Section 235 in the eastern half of Missouri (less than ½ of 1 percent). As of July 1970, there had been three foreclosures under Section 235 in the area serviced by the Philadelphia FHA Insuring Office (½ of 1 percent). As of September 1970, there had been five foreclosures and 11 assignments (abandoned properties assigned to HUD by the mortgagee) under section 235 in the State of Arkansas (1 percent). As of October 1970, the national foreclosure rate under the section 235 program was less than 1 percent (.8 percent).

[247] Interview-National FHA office, Oct. 29, 1970.

[248] FHA Commissioner Letter No. 38, Nov. 8, 1965, "Use of FHA Programs in Older, Inner-City Neighborhoods."

[249] Memorandum from director of Midwest Field Office, U.S. Commission On Civil Rights to Deputy Staff Director of Commission, Jan. 25, 1967.

[250] Memorandum from director of Midwest Field Office, U.S. Commission on Civil Rights to Director of Federal Programs Division of Commission Mar. 13, 1967.

[251] The practice of designating entire communities or areas as ineligible for mortgage insurance or mortgage lending is commonly known as 'redlining."

[252] Section 203 is FHA's basic home (one to four-family) mortgage program. Under this program, the applicant may be any person with sufficient resources to make the required down payment and meet the terms of the mortgage.

[253] Statement of Thomas R. Byrne, Mayor of St. Paul, Minn., *Supra* note 134 at 790.

> Under the amendment (Section 223(e)), FHA would be able to accept for insurance, mortgages on properties which may not because of the area in which they are located, be able to meet all of the normal eligibility requirements.[255]

### 1968

FHA, however, did not interpret Section 223(e) as authority to do away only with location criteria. Instead, FHA decided to lower its standards generally.[256] FHA appraisers were told to keep in mind the fact that "acceptable housing is related to the people who are in need and the alternatives available to them." [257]

### 1969

According to an FHA circular issued nearly a year later, in 1969, FHA insuring offices responded to the new directive with some confusion.[258] Consequently, FHA instructed the local offices to use 223(e) only for a property "which is found to be a location reject [259] or produce an unreasonably short mortgage term due to location factors. . . ." [260] In addition, FHA directed that a commitment to insure should be given only upon condition of "completion of repairs necessary to preserve the property and protect the health and safety of the occupants." [261]

The circular did note, however, that FHA was not responsible for local housing code enforcement.[262]

### 1970

These new instructions also proved insufficient and abuses of the new central city policy were widespread. A year later, in July 1970, FHA issued a circular containing the following statement:

> Unfortunately the liberalized FHA procedure applied in these (central city) cases has all too often resulted in insurance of mortgages the physical security for which is far below the stated objectives of the FHA Minimum Property Standards. . . . In addition there is some evidence that the liberalized policy applicable to blighted areas has generated a laxness with respect to appraisal inspections in the case of properties located elsewhere.[263]

The circular instructed appraisers not to interpret Section 223(e) so as "to permit waiver of the requirement that the property in question meet the stated objectives of the FHA Minimum Property Standards." [264] It instructed appraisers to make a careful inspection of the building and premises and to "list as conditions to mortgage insurance any repairs, alterations, or replacements necessary to bring the property up to the minimum standards." [265]

### FHA and Existing Section 235 Housing

The 1968 congressional directive to FHA to cease "redlining" inner-city areas was contained in the same legislation—the Housing and Urban Development Act of 1968—which established the Section 235 program.[266] The fact that the new program (235) and the new policy (inner-city insurance, Section 223(e)) were established at the same time has had a significant impact on the public impression of the 235 program, in that abuses under Section 223(e) have often been associated exclusively with the new homeownership program.

The Commission first became aware of the low quality of some FHA-insured 235 housing in the course of preparing for a January 1970 hearing on suburban development in the St. Louis, Mo. area. Commission staff found that: "Much of the existing housing which is being purchased under section 235 in the St. Louis metropolitan area is old, segregated, and sometimes not expected to outlive its mortgage." [267] In addition, Commission staff found that speculators were selling existing 235 houses.[268]

The staff first assumed that FHA was using lower standards when appraising houses to be sold under the 235 program than it used when appraising houses to be sold under nonsubsidized FHA homeownership programs. This, however, proved not to be the case. As FHA staff explained, an unsold house does not become a 235 house until a buyer is found.[269] Prior to that time, applications by builders or sellers for conditional commitments[270] are filed under one of the regular nonsubsidized FHA programs, such as 221(d)(2) or 203.[271] As a congressional report noted: "Under normal procedures, the FHA appraiser is unaware of the particular program, whether it be 203(b), 235 existing or whatever, for which he is appraising the house."[272] In fact, there is no such thing as a 235 mortgage for single family housing. The 235 program is concerned only with the amount and terms of the subsidy for lower-income buyers, not with the standards for appraising houses for purposes of FHA insurance. The mortgage for a 235 house is insured under a nonsubsidized FHA program, such as 203 or 221(d)(2) and the appraisal standards are identical to those used when the purchaser receives no subsidy.

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[254] The ordinary FHA standard is the higher one of "economic soundness."

[255] Report of the Senate Committee on Banking and Currency, S. Rept. No. 1123, May 15, 1968 at 14.

[256] Notice, FHA 68-88, Subject: Valuation Instructions Implementing FHA 4400.2—Relaxation of Mortgage Insurance Requirements Pursuant to Section 223(e), Aug. 2, 1968. The notice stated that: "The principle of acceptable risk will be adequately served when proper values are found for the properties involved, not in issuance of rejections." Properties were to be rejected only "where a property has so deteriorated or is subject to such hazards, noxious odors, grossly offensive sights or excessive noises that the livability of the property or the health and safety of its occupants are seriously affected."

[257] *Id.*

[258] FHA Circular No. 4400.26, "Use of Section 223(e), May 19, 1969."

[259] FHA rejects a property for FHA insurance for any of three reasons, (1) Location, (2) structural defects, or (3) inability to gain access to the property to perform an inspection. (Interview-FHA Review Appraiser, Washington, D.C., Mar. 11, 1970.)

[260] *Supra* note 258.

[261] *Id.*

[262] *Id.*

[263] FHA Circular 441.24, "Appraisal of Existing Dwellings-Policy Change," July 31, 1970.

[264] *Id.*

[265] *Id.*

[266] In 1967, 8 percent of all existing homes purchased with FHA insured mortgages were "in blighted central city areas." In 1969, 17 percent of all existing FHA insured homes were "in blighted central city areas." *Id.*

[267] "Hearing in St. Louis, Mo., Before the U.S. Commission on Civil Rights," staff report, exhibit 21, at 560 (1970).

[268] *Id.* at 559.

It could be argued, of course, that many appraisers are aware of the fact that certain sellers or speculators are "specializing" in Section 235 buyers and that, in these cases, they deliberately lower their appraisal standards. However, given the unreliability of Section 235 funding and the confusion among brokers as to which buyers qualify for 235 assistance, it is difficult for an appraiser to be sure that a house he is appraising will definitely be sold with a Section 235 mortgage. For example, a supervisory loan specialist in the Philadelphia insuring office told Commission staff: "When the money first ran out, a lot of 235 applications were converted to 221(d)(2) applications."[273] There was no requirement to reappraise these houses.[274]

There is ample evidence to indicate that the poor quality of some existing 235 houses is a result of a general lowering of FHA appraisal standards in central city areas and not a result of the Section 235 program.[275] For example, local Urban League counseling services reported many complaints from lower-income FHA buyers who were not receiving subsidies.[276] Lawyers representing the poor in St. Louis and Detroit told Commission staff that many clients had purchased defective houses under FHA programs other than 235.[277] And an investigation of FHA appraisal practices in Philadelphia, conducted by the Select Committee on Crime of the House of Representatives in April and May of 1970, turned up 20 cases of substandard houses insured under FHA programs, only one-fourth of which involved section 235 buyers.[278]

Nevertheless, public attention has focused exclusively on abuses in the 235 program. FHA programs and procedures are complicated and highly technical—the variety of numbers used to identify particular programs adds to the complexity—and it is not surprising that many have confused the 235 program with other FHA insurance programs.[279]

Some of the criticism of the operation of the 235 program has led to congressional action to protect 235 buyers. The Housing and Urban Development Act of 1970 authorizes the Secretary of HUD to make expenditures to correct or to compensate the owner for structural or other defects which seriously affect the use and livableness of a house insured under section 235 which was more than 1 year old at the time of the FHA insurance commitment.[280] This protection, however, does not extend to lower-income buyers who have purchased existing houses with major defects under nonsubsidized FHA programs.

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[269] Interview-Review Appraiser, Washington, D.C., Nov. 17, 1970: Interview-Assistant to Chief Appraiser, Philadelphia FHA Insuring Office, July 14, 1970; Interview-Little Rock FHA Insuring Office, Sept. 14, 1970; Interview-Denver FHA Insuring Office, Aug. 7, 1970.

[270] If a seller or builder wishes to sell to an FHA buyer, he must apply for an FHA appraisal of the house in question. When such an appraisal has been made and the house has been accepted, FHA issues a conditional commitment to insure dependent upon an eligible purchaser's being found.

[271] FHA Handbook No. 441.1, Assisted Properties, Programs Under Which Applications May be Originated, 2., October 1968.

[272] House Banking and Currency Committee, "Investigation and Hearing of Abuses In Federal Low- and Moderate-Income Housing Programs, Staff Report and Recommendations." 91st Congress, second sess., at 6 (1970).

[273] *Supra* note 242.

[274] An FHA appraisal is good for 6 months. If a buyer is not found before 6 months have passed, the house must be reappraised.

[275] On Nov. 24, 1970, Assistant Secretary-Commissioner Eugene Gulledge wrote to Senator Eagleton explaining that substandard properties purchased by St. Louis 235 buyers "have resulted from a general relaxation of the appraisal and repair standards applied to older properties in declining neighborhoods which was adopted about 5 years ago." It should be noted that 235 buyers are at a disadvantage compared to regular buyers because of the issue of closing costs, intermittent funding, and lack of information about their rights under the 235 program.

[276] *Supra* note 149.

[277] Interview: Richard Baron, St. Louis Legal Aid society, Aug. 25, 1970, and telephone conversation with Joel Kellman, Michigan Legal Services Program, February 1970.

[278] Interview: Julian Granger, former staff member, Select Committee on Crime, House of Representatives, Nov. 10, 1970.

[279] For example, one newspaper reporter wrote a column entitled "Plan on Housing by HUD a Flop." The article described the homeownership subsidy offered under 235 and then stated: "The only trouble is that it hasn't worked. Maybe it can't. The programs, primarily under sections 221 and 235 of the Federal Housing Act, have helped slum landlords and speculators to turn tidy profits on some of their riskiest holdings." The column did not mention that 221 is a nonsubsidized program separate from 235. (Washington Post, December 1970). In addition, a local Washington, D.C., television station carried a news story on an FHA-insured house located in Washington. The house, which was in poor physical condition, was shown and the buyer was interviewed concerning the defects found in the house. Then the buyer's lawyer was questioned about the abuses of the section 235 program. In fact, the buyer had purchased her house with a section 221(d)(2) mortgage and was not receiving a Government subsidy.

Public criticism has also led to the temporary suspension of the sale of existing houses under the Section 235 program.[281] This action was taken by Secretary Romney on January 14, 1971 after a meeting with FHA 235 field personnel from the five HUD regions east of the Mississippi. As this Commission pointed out in a Jauary 20, 1971 letter to the Secretary, because minority 235 buyers have been restricted largely to existing housing in inner-cities, the burden of the suspension, limited to existing housing, falls with disproportionate severity on them.[282]

Prior to January 14, Secretary Romney had responded to criticism of the 235 program by asserting that abuses could be corrected through administrative action.[283] One such action was a new requirement that speculators certify the cost of acquisition and improvements of properties to be sold with FHA insurance.[284] Another was a requirement that FHA Architectural Section inspectors make inspections of completed repairs required by FHA appraisers for properties to be insured by FHA.[285] A third was yet another Circular seeking to clarify Section 223(e),[286] the Section which authorizes FHA to insure mortgages on properties in older declining urban areas.

### FHA and Racial Discrimination

Most FHA insuring office personnel interviewed by Commission staff expressed surprise that anyone should be interested in documenting the segregated buying patterns of minority and white 235 buyers. To them, this segregated pattern was both obvious and inevitable. For example, the Assistant to the Director of the Philadelphia FHA Insuring Office told Commission staff that, although his office keeps no racial data,[287] he knew that at least 75 percent of Philadelphia 235 buyers were minority families since at least 75 percent of the 235 houses were located in minority areas.[288] And the Assistant Director for Single Family Housing in the Little Rock FHA Insuring Office described in detail the segregated pattern of 235 housing in that area.[289] This was confirmed by Commission staff in its survey of the sample of 82 Little Rock 235 buyers.

When Commission staff raised questions concerning the segregated 235 buying pattern, FHA staff members tended to give the same explanations for the pattern and reflect the same views as the private housing and home finance industry.

For example, one FHA staff member said:

> Most black families going to the surburbs want high priced houses. A black family is unlikely to leave their neighborhood to live in a poor house—when he moves out, he wants to show that he's made it.[290]

Another FHA staff member expressed the view that the segregated pattern resulted from "a basic reluctance on the part of black people to move to white areas." [291]

An FHA official in the national office told Commission staff he had received a letter from a black family complaining of being unable to purchase an existing house in the city because of unavailability of Section 235 funds. The letter, he claimed, was proof that the black family doesn't want to leave the inner-city.[292]

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[280] Housing and Urban Development Act of 1970, Pub. L. 91-609, H.R. 19436, sec. 104: Compensation for Defects in section 235 Existing Housing. Section 235 buyers wishing compensation must request the Secretary's assistance not later than 1 year after insurance of the mortgage, or in the case of those purchasing before the 1970 act was passed, not later than 1 year after the enactment of the 1970 act. The housing defect must be one that a proper inspection could reasonably be expected to disclose. Local legal service agencies did much of the work leading to this protective action, in particular the National Housing and Development Law Project of the Berkeley School of Law. David Bryson, an attorney for the Berkeley project, contacted legal aid societies in Seattle, Wash.; Oakland and Sacramento, Calif.; Kansas City, Kans. and Mo.; Flint, Mich.; and Austin, Tex. to exchange information on the condition of housing being sold to section 235 buyers. This information was forwarded to Senator Allan Cranston of California and served as a basis for enactment of section 104.

[281] On Feb. 5, 1971, this suspension was lifted in selected areas "where deficiencies either do not exist or have been largely corrected." These areas are Maine, Rhode Island, New Mexico, Iowa, Nebraska, Montana, North Dakota, South Dakota, Utah, Wyoming, Idaho, Puerto Rico, and the geographical areas covered by insuring offices in Albany, Hempstead, and New York City, N.Y.; Tampa, Fla.; Memphis, Tenn.; Shreveport, La.; Tulsa, Okla.; and Houston and Lubbock, Tex. (Housing and Urban Affairs Daily, Feb. 8, 1971, at 84.) In the first week of April 1971, Secretary Romney announced the restoration of the program in seven additional insuring office areas: Wilmington, Del.; Baltimore, Md.; Reno, Nev.; Honolulu, Hawaii; Pittsburgh, Pa.; Sacramento and Santa Ana, Calif. (Id., Apr. 5, 1971, at 7.)

[282] Letter from Rev. Theodore M. Hesburgh, Chairman, U.S. Commission on Civil Rights, to George Romney, Secretary of HUD, Jan. 20, 1971.

[283] Letter from Secretary Romney to the Honorable Wright Patman, Sept. 3, 1970.

[284] HUD Circular, HPMC-FHA 4035.8, December 30, 1970. (See app. F).

[285] Letter to All Approved Mortgagees from Assistant Secretary-Commissioner Eugene Gulledge, Subject: Property Repair Inspections and Certifications for Existing Properties, Dec. 30, 1970.

[286] HUD Circular, HPMC-FHA 4035.9, Dec. 31, 1970, Subject: Identification of Areas Ineligible for FHA Mortgage Insurance. This Circular states that "section 223(e) is not intended as a complete abandonment of location eligibility criteria." It prohibits FHA insurance in "actual blocks . . . in which it is obvious that FHA Insurance would be a disservice to purchasers in encouraging them to enter areas which have no hope for improvement in the forseeable future," but it emphasizes that this is not meant as a return to the former policy of redlining entire communities and neighborhoods. (See app. G)

[287] In February 1970 FHA began collecting racial and ethnic data on participation in its programs.

[288] *Supra* note 226.

[289] *Supra* note 83.

[290] *Supra* note 235.

[291] *Supra* note 145, Sept. 14, 1970.

One FHA staff member, however, conceded that racial discrimination played a role in producing the segregated 235 buyer pattern. He told Commission staff that the new 235 developments were segregated and he "assumed" the brokers were steering black buyers to black areas and white buyers to white areas.[293] When questioned as to FHA's responsibility to prevent such steering, the FHA staff member said that FHA "has no right to interfere without a complaint." [294]

### Appraisal Practices and Race

Although FHA staff disclaimed any responsibility for the segregated buyer patterns and asserted that the racial composition of the neighborhood played no part in their appraisals, in some offices FHA appraisers continued to take note of this factor. In Philadelphia, Commission staff was able to identify racially changing neighborhoods by examining FHA case files (See pt. II, ch. I). FHA appraisers had noted on some of the underwriting reports that the houses being appraised were located in areas where a "change in occupancy" was taking place. When Commission staff questioned FHA personnel about the use of the "change in occupancy" notation various answers, often contradictory, were received. In the Philadelphia FHA Office, the Assistant to the Chief Appraiser told Commission staff that he was not sure what appraisers had in mind when they checked the "change in occupancy" block. He said it might mean that people of a lower economic class were moving in. He conceded, however, that it might have racial connotations.[295] A staff member of the Denver FHA Insuring Office told Commission staff that a "change in occupancy" meant a change in land usage from single family to multifamily dwellings.[296] The St. Louis FHA Insuring Office furnished Commission staff with a copy of the Valuation Instructions for appraisers which defined a "change in occupancy" as a change in "income and social characteristics of the occupants other than those well established in the neighborhood." [297] In Little Rock, however, an FHA staff member said that "change in occupancy" was used to indicate that "an area was in transition from one race to another." [298] He said that the "change in occupancy" block is not used very often by appraisers now since "so many areas in Little Rock are in transition." [299] He said that the reason for taking note of racial transition was to be sure that unreasonably high prices were not charged for houses in transitional neighborhoods.[300]

### FHA and Affirmative Action

FHA staff, although frequently aware of the racial residential patterns developing as a result of the 235 program, disclaimed responsibility for them. No FHA office visited by Commission staff had taken any affirmative action to assure that the 235 program was opening up new housing opportunities for minority families.[301] On the contrary, even after the St. Louis FHA Office had discovered that a builder had discriminated in the sale of new Section 235 housing, its staff persisted in refusing to give the privately operated local counseling service information on builder reservations for new Section 235 housing.[302]

When Commission staff discussed the possibility of affirmative action with FHA personnel, one standard answer was given: Washington had not issued any instructions. The Director of the HUD Area Office in Little Rock expressed dismay at the 235 buyer pattern discovered in the Little Rock metropolitan area. He said it was likely that the same pattern was occurring throughout the State of Arkansas. He told Commission staff that he would be willing to inform local groups in the black community about the availability of new housing under the 235 program, that he would be willing to make information regarding builder reservations available to the general public, that he would be willing to require affirmative equal opportunity advertising by Section 235 builders, and that he would be willing to call in builders constructing houses under the 235 program and speak to them about their equal opportunity responsibilities. "But," he asked, "would Washington and the Regional Office back me up?"[303]

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[292] *Supra* note 247.

[293] *Supra* note 83.

[294] *Id.*

[295] Interview, Assistant to the Chief Appraiser, Philadelphia FHA Insuring Office, July 14, 1970. This appraiser also told Commission staff about a risk rating system which he said was in use when he began working for the Philadelphia office in 1960, but which has since been discontinued. Under this system, FHA appraisers assigned points to neighborhoods of houses they were appraising, with a white homogeneous neighborhood receiving the most points.

[296] *Supra* note 235.

[297] FHA Form No. 2800-3, Revised 5/68, *Valuation Instructions for Appraisers.*

[298] *Supra* note 83.

[299] *Id.*

[300] *Id.*

[301] The only instance bordering on affirmative action discovered by Commission staff was in Little Rock. The Director of the HUD Area Office had taken steps to inform black builders of the availability of Section 235 assistance.

[302] *Supra* note 65, Aug. 27, 1971.

## HUD: National Policy Regarding Affirmative Action

There are indications that FHA central office staff in Washington has been aware of the discriminatory housing patterns of 235 buyers for some time. In June 1970, an article in a local Washington paper quoted the then director of the 235 program (Chief, Homeownership Assistance Branch) as saying that the 235 program may be encouraging racial discrimination.

> "Preliminary reports indicate that most Negro families using the subsidies are buying older homes in inner city areas," says Charles B. Davis, the Program's director. "Whites, on the other hand, appear to be using subsidies to buy new homes in suburbs," he said . . . Davis said some builders promote homes designed for the subsidy program in such a way as to attract only whites to suburban areas. Often, he said, builders initially place nondescript newspaper ads that will catch the attention of white readers. "These families then tell their friends in the neighborhood or at the plant of the terrific buys and soon you have an all-white development," Davis said.[304]

In spite of FHA's awareness of the discriminatory operation of the 235 program, no directions have been issued to local insuring offices to prevent discrimination in the sale of Section 235 assisted housing.

The Assistant Secretary for Equal Opportunity at the Department of Housing and Urban Development has responsibility for assuring that HUD programs operate in a nondiscriminatory manner. The Equal Opportunity Office, however, has carried out this responsibility primarily by responding to complaints, rather than by developing policies of affirmative action for the program areas.[305]

For example, when the Equal Opportunity Office received an advertising complaint regarding a Denver 235 builder (See pt. III, ch. I) it responded by investigating and conciliating that particular complaint. However, no steps have as yet been taken by the Office to assure that other 235 builders are not using similar ads. In fact, Commission staff found that another 235 builder in the four-city sample (See pt. III, ch. I, Little Rock section) was using the same ad. Since this builder had acquired the advertising copy at a conference of homebuilders, it is likely that the same ad is in use by other builders of Section 235 housing. This situation illustrates the lack of systematic attention HUD pays to problems of discrimination in the department's programs.[306]

HUD recently has begun collecting racial and ethnic data on participation in all its housing programs. These data could be of significant help in developing affirmative action programs both to assure against discrimination and to prevent the creation or perpetuation of segregated patterns in housing provided under HUD programs. Through evaluation of these data, HUD could determine the effect its programs are having on racial and ethnic concentrations and, where appropriate, could conduct immediate onsite investigations into the reasons for these concentrations and could take appropriate remedial action.

Whether such concentrations result from practices of overt discrimination or from practices which, while not deliberately discriminatory, have the effect of creating or perpetuating segregation, HUD is legally obligated to take action and not remain passive. Under Title III of the Civil Rights Act of 1968, HUD is directed to "administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policy of Fair Housing." Under a recent United States Court of Appeals decision, HUD has an affirmative obligation under that statutory provision to prevent such concentrations. (*Shannon* vs. *HUD, NO. 1837* (3d. Cir. Dec. 30, 1970.)) In short, neither HUD nor its constituent agency, FHA, may legally maintain a passive role in the face of segregated housing under its programs, but must become active instrumentalities to prevent such patterns from developing. Nonetheless, HUD has not yet taken steps to assume this affirmative role.

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[303] *Supra* note 145.

[304] U.S. Subsidies Seen Promoting Housing Bias, The Washington Star, June 1, 1970.

[305] See U.S. Commission on Civil Rights, The Federal Civil Rights Enforcement Effort (1970).

[306] It should be noted that in April 1970, the Assistant Secretary of Equal Opportunity at HUD announced that guidelines and new administrative procedures were being developed to assure that HUD programs would be administered to encourage equal housing opportunities for all citizens. On Aug. 26, 1970, Secretary Romney quoted President Nixon as saying: "In terms of an open society, what matters is mobility: the right and the ability of each person to decide for himself where and how he wants to live, whether as part of an ethnic enclave or as part of the larger society—or, as many do, share the life of both." Secretary Romney testified that, in pursuit of this policy, a joint HUD-Department of Justice Task Force was developing new site and tenant selection policies for FHA-assisted programs to "avoid further concentrations of federally assisted housing in large, institutional settings or in areas of minority racial concentrations." Hearings Before the Senate Select Committee on Equal Education Opportunity, 91st Cong., second session, Pt. 5, at 2756 and 2759 (1970). However, as of March 1971, no such new policies have been adopted.

**Summary**

FHA's past reputation has been that of an antipoor, antiinner-city, antiminority agency. One year before the 235 program was established FHA officials had been severely criticized by the National Commission on Urban Problems for the agency's operation of a low-income housing program (rent supplements). Nonetheless, when the Section 235 low-income homeownership program was enacted, FHA took no special steps to insure its successful operation. The 235 program, like all FHA programs, has been largely entrusted to the private housing and home finance industry. When complaints have been received regarding the location and quality of section 235 houses, local FHA officials have justified inaction on grounds that such factors were not their responsibility. The only direct contact FHA had with FHA buyers, including Section 235 buyers, has been through an understaffed counseling service which has referred the buyers back to the real estate industry. FHA personnel charged with the administration of the 235 program also have been understaffed and sometimes have expressed reservations and doubts about the validity and worth of the program similar to those of the private housing and home finance industry.

FHA did not begin insuring inner-city properties in large quantity until directed to do so by Congress in 1968. Some of the inner-city residents thus offered their first opportunity to obtain the benefits of FHA-insured mortgages have been 235 buyers. When FHA began insuring inner-city properties, officials lowered their appraisal standards and, in fact, have insured properties with serious physical defects. Some of these properties have been purchased by 235 buyers. Others have been purchased under other nonsubsidized FHA programs. Nonetheless, as the public has become aware of the fact that substandard housing has been sold with FHA mortgage insurance, this has been attributed to the existence of the 235 program rather than to the lax appraisal policies of FHA. Similarly, Congress has provided for compensation for Section 235 purchasers of substandard housing, but no provision has been made for compensating nonsubsidized purchasers.

FHA has responded to public criticism of its appraisal policies by instituting certain reforms, such as requiring speculators to certify cost of acquisitions and improvements and requiring inspections of completed repairs. Nevertheless, Secretary Romney temporarily suspended the existing housing aspect of the Section 235 program, thus depriving potential 235 buyers, who reside in the large metropolitan areas with no new 235 construction, of the opportunity to receive Section 235 assistance. Further, as this Commission pointed out in its January 20, 1971 letter to the Secretary, the burden of the suspension, limited to existing housing, has fallen with disproportionate severity on minority families.

FHA's denial of responsibility for the location and quality of Section 235 housing has been matched by its denial of responsibility for racial segregation resulting from the operation of the 235 program. For example, when FHA staff members have received complaints regarding the steering of 235 buyers by real estate brokers, they have replied that selection of the housing is not their responsibility. Some FHA staff members have viewed segregated 235 buyer patterns as inevitable. Others have conceded that these patterns may result from discriminatory practices but have disclaimed responsibility to interfere without a complaint.

Officially, FHA officials have taken little note of racial residential patterns under the 235 program, but, unofficially, many FHA staff members have expressed awareness of the segregated and unequal 235 buying pattern. No local FHA insuring office, however, has been willing to undertake affirmative action to prevent such a pattern from occurring in the absence of specific directives from Washington. No such directives have been forthcoming. FHA staff members in Washington also have been aware of the discriminatory 235 buyer patterns but have allowed them to continue without instituting corrective or preventive measures.

Despite HUD's legal obligation to assume an affirmative role in preventing discrimination and assuring against the creation or perpetuation of segregated housing patterns, the agency continues to play a passive role.

## PART IV

# FINDINGS AND RECOMMENDATIONS

## FINDINGS

### General

1. Although the Section 235 program of homeownership for lower-income families has produced an impressive volume of housing—30 percent of all new houses that sold for less than $25,000 during 1970 were purchased under the 235 program—all areas of the country have not shared equally in the program's benefits. Because of such factors as high construction costs in relation to the maximum mortgage limits permitted under the program, only 6 percent of all 235 housing has been provided in the Northeastern region of the country.

2. The program has been of substantial help to minority group families by enabling them to obtain decent housing and to enjoy the benefits, both material and psychological, of homeownership.

a. In each of the four metropolitan areas investigated by Commission staff, Philadelphia, Little Rock, St. Louis, and Denver, minority families were participating in the program in larger proportions than their representation in the population.

b. Despite some instances, particularly with respect to existing housing, in which poor quality housing was sold to minority purchasers under the program and in which speculators profited at their expense, most of the 235 housing was of good quality, superior to that in which the buyers had previously lived. Further, the same abuses have occurred in connection with other, nonsubsidized Federal housing programs operating in the central city.

3. Because of restrictive zoning laws and other land use controls, such as minimum lot size requirements, builders who seek to construct new 235 houses in suburban parts of metropolitan areas have often been prevented from doing so.

4. The traditional pattern of separate and unequal housing markets for white and nonwhite families is being repeated in the operation of the 235 program.

a. In Little Rock and Denver, where a substantial amount of new housing was being produced at the time of Commission staff investigations, most of the new housing was being located in suburban parts of the metropolitan areas and nearly all was being purchased by Anglo families. By contrast, in all four metropolitan areas most of the existing housing under the program was located in ghetto areas or "changing" neighborhoods in the central city and nearly all was being purchased by minority families.

b. In other metropolitan areas, to the extent minority 235 buyers were purchasing new housing, it was located largely in subdivisions reserved exclusively for minority families.

c. Minority 235 buyers have tended to purchase housing that is older and less expensive than the housing purchased by their majority counterparts and have tended to receive less in the way of assistance payments under the program.

### The Private Housing and Home Finance Industry

5. Members of the private housing and home finance industry have played a key role in the development of the patterns of separate and unequal housing under the 235 program.

a. Some real estate brokers have been reluctant to participate in the 235 program because, unlike other programs, under 235 sellers, whom the broker usually represents, must pay closing costs.*

b. Many brokers who do participate in the program lack sufficient information concerning its operation to advise prospective 235 buyers adequately. Others provide only such information as is necessary to complete the sale.

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*Closing costs are the costs involved in conveying property title from buyer to seller and include such items as fees for preparation of the abstract, examination of title, preparation of deed, and taxes on the property exchange.

c. Brokers have steered minority buyers to existing housing in the central city, frequently offering prospective purchasers little if any choice.

d. Builders of new housing in suburban areas have followed advertising policies that tend to exclude minority group purchasers. Some builders have declined to advertise at all, while others have used ads which depict only white people, as a signal that the subdivision is intended for all-white occupancy.

e. There also has been evidence of overt discrimination by some builders in the sale of new suburban 235 housing.

f. Mortgage lenders, while they play a more passive role in the 235 process, continue to make funds available for 235 mortgages and provide information to brokers and builders, well aware of the segregated housing pattern that results.

### Community Groups

6. Some community groups, involved in the 235 program through the provision of voluntary counseling services to 235 homeseekers, lack sufficient information concerning the operation of the program and the location of houses available for 235 purchase to counsel prospective 235 buyers adequately.

7. In the face of the urgent housing needs of the families seeking their counsel, many of these groups have come to accept the dual housing market as a reality to which they must adjust.

### Neighborhood Improvement Groups

8. Some neighborhood improvement groups, made up of families living in racially integrated neighborhoods, view the influx of minority 235 buyers as a threat to their communities and have protested against the provision of 235 housing in their neighborhoods.

### Welfare Departments

9. Welfare department officials, who provide counseling service to the many 235 buyers who are public assistance recipients, also tend to view residential integration as an unrealistic luxury and accept the inevitability of segregated housing under the 235 program.

### Federal Housing Administration (FHA)

10. FHA, charged by Congress with responsibility for administering the 235 program, has played a passive role, permitting abuses and the perpetuation of segregated housing under the program.

a. FHA's policy of deducting $300 from family income for each minor child for purposes of determining the price of housing the family can afford has the effect of restricting the range of housing choice for large families and reducing the amount of subsidy they may receive.

b. FHA disclaims any responsibility for the quality of housing sold to 235 buyers, maintaining that its relationship is with the mortgage lender not the buyer.

c. No full-time FHA housing counselors were in evidence in any of the four metropolitan areas surveyed by the Commission. In some FHA offices, the only counseling offered by FHA officials was to advise prospective 235 buyers to consult a real estate broker.

d. FHA officials are aware of the segregated housing pattern that has developed under the 235 program but, despite the agency's legal obligation to prevent it, FHA has failed to adopt even minimal steps to fulfill this obligation. FHA and HUD's Office of Equal Opportunity rely mainly on the processing of complaints as the mechanism for discovering and eliminating discriminatory practices. The central office in Washington has failed to provide local FHA offices with instructions for affirmative action and local FHA officials have failed to take such action on their own initiative.

e. Unless FHA abandons its passive role, the pattern of separate and unequal 235 housing for minority families is unlikely to change.

## RECOMMENDATIONS

1. The Department of Housing and Urban Development should establish offices, readily accessible to neighborhoods with a high proportion of lower-income households, throughout metropolitan areas to advise lower-income families and organizations representing their interests concerning housing available under the following lower-income housing programs: low-rent public housing, Rent Supplements, Section 235, and 221(d)(3). The function of these offices should be to provide such information as the following:

a. Which programs are being operated in the particular metropolitan area.

b. The location of the housing being provided under each program and the identity of the builder or sponsor.

c. The price or rental range of housing in each subdivision or project.

d. The qualifications necessary for eligibility to obtain housing in each such subdivision or project.

e. An analysis of each individual family's needs and resources and advice as to the kind of program and housing that would best meet its needs.

f. Advice as to the nature and amount of the subsidy available in each program for which the family is eligible, so as to assure that the family will be in a position to obtain the full benefit of the assistance that exists.

g. Advice on the rights and responsibilities of home ownership, including equity rights, income tax advantages, and physical upkeep of the property.

h. A description of the procedures and steps that the family must follow to obtain the housing.

i. Advice on their rights in the event families should encounter racial, ethnic, or economic discrimination on the part of builders or sponsors.

j. In those areas where there are families which have difficulty communicating in English, the neighborhood offices should provide staff members who are fluent in languages other than English.

The existence of these neighborhood offices should be made known throughout the community by means of advertising in the various news media (with particular attention to news media directed to minorities) and through meetings and conferences with various neighborhood and community groups. Systematic meetings and conferences should also be held with brokers, builders, and mortgage lenders, to assure that they are well informed about the various programs that are available and about the rights of prospective buyers or renters and the qualifications necessary for eligibility. Congress should appropriate sufficient funds to enable these neighborhood offices to operate with maximum effectiveness.

2. The Department of Housing and Urban Development should establish training programs for community groups which wish to undertake counseling services of their own, to assure that these groups are in a position to advise lower-income home seekers accurately and comprehensively concerning the housing programs available to them and their rights and responsibilities under these programs. After such training, HUD should certify community groups it has found capable of providing such counseling and should contract with them for this purpose. FHA should make available to these groups all information concerning the location and operation of lower-income programs to enable them to carry out their counseling services with full effectiveness. Congress should appropriate funds in sufficient amounts to enable HUD to conduct such training programs and to reimburse these community groups for the services they provide.

**Discussion**

One of the serious impediments to the successful operation of the 235 program and other federally assisted programs that serve lower-income families has been the lack of information concerning this operation and the rights and responsibilities of those who seek to participate in them. These programs are extremely complex and technical, and often overlap in terms of the income range of the families they serve. Eligible families often lack basic information concerning housing available to them under these programs.

Currently, FHA plays a passive role in the operation of the program. The agency does not provide adequate advice and counsel to enable these families to gain full benefits under the programs. To the extent counsel is provided, it is usually given by private real estate brokers, who, themselves, often do not have sufficient knowledge to advise eligible families competently. Brokers also tend to limit the information they provide to such families to that which is necessary to complete the real estate transaction and, as a result, families often fail to derive the full benefits intended for them.

A number of community groups have attempted to fill the need for counseling on a voluntary basis. These groups also tend to lack the information or the training necessary to advise lower-income families fully and accurately. Further, in some cases, FHA has declined to provide them with necessary information concerning the location and number of planned 235 housing. Although there is provision under existing law for such counseling by HUD or by community groups under contract with HUD, Congress has failed to appropriate funds to implement these provisions.

3. The Department of Housing and Urban Development should make use of the racial and ethnic data it now collects on participation in its various housing programs to determine the effect the programs are having on racial and ethnic concentrations. Where the Department finds that housing provided under its programs is having the effect of intensifying such racial or ethnic concentrations in any area, immediate onsite investigation should take place to determine the reasons for these concentrations.

a. Where overt practices of discrimination are found, such as refusal by builders to sell to minority purchasers or racial steering by brokers, appropriate sanctions should be imposed, including disqualification of discriminatory builders and notification to FHA-approved mortgagees that they may no longer deal with the discriminatory brokers under FHA programs.

b. Where it is found that such concentrations result from policies and practices which have the effect of creating or perpetuating segregation, such as site selection by builders or sponsors, HUD should take remedial action to prevent these concentrations. Such action should include the refusal to approve additional applications for housing under its programs which will further intensify such concentrations and the utilization of uniform site selection criteria which will serve to avoid such concentrations in the future.

### Discussion

Until recently, HUD maintained no uniform policy regarding the collection of racial and ethnic data on participation in its programs. The Department now has undertaken to collect such data. These data can be of special use to the Department in uncovering and eliminating discriminatory practices by members of the private housing and home finance industry. The Commission's study of the 235 program found evidence that discrimination, in subtle as well as overt forms, is, in fact, practiced and largely goes unchecked. Use of racial and ethnic data for purposes of ending such discrimination would enable HUD to carry out its responsibilities under the Executive order on equal opportunity in housing, Title VI of the Civil Rights Act of 1964, and Title VIII of the Civil Rights Act of 1968, with greater effectiveness.

Where patterns of racial or ethnic concentration under HUD programs result from policies and practices which, even if not deliberately discriminatory, have the effect of creating or perpetuating such patterns, HUD should be obligated to take effective remedial action. Under Section 808(e)(5), the Secretary of HUD is directed by Congress to "administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of [Fair Housing]." Under a recent United States Court of Appeals decision, HUD has an affirmative obligation under that statutory provision to prevent such concentrations. (*Shannon* vs. *HUD*, No. 18397 (3d Cir. Dec. 30, 1970.)) In short, neither HUD nor its constituent agency, FHA, may legally maintain a passive role in the face of segregated housing under its programs, but must become active instruments to prevent such patterns from developing.

4. Congress should enact legislation to authorize the overriding of local zoning laws and other land use controls to permit the provision of low-cost housing in jurisdictions that do not have a proportionate share of such housing.

### Discussion

Many suburban jurisdictions maintain laws, such as minimum lot size requirements, which have the effect of excluding low-cost housing and keeping out lower-income families. In a number of cases that have come to the Commission's attention, builders anxious to construct new 235 housing in suburban parts of metropolitan areas have been prevented from doing so because of such laws. In 1970, legislation was introduced to authorize the overriding of such laws specifically to permit the free operation of Federal lower-income housing programs. Legislation of this sort extending to all low-cost housing should be enacted by the Congress.

5. Congress should amend Section 235(b)(2) concerning cost limits for 235 housing to authorize the Secretary to make such exceptions to these cost limits as are necessary to assure that the program can operate in all parts of the country.

### Discussion

Although the 235 program has produced an impressive amount of housing since its establishment, not all regions of the country have shared equally in the benefits of the program. In the Northeastern region of the country, which contains a substantial portion of the Nation's population, only 6 percent of the 235 units have been provided. By contrast, nearly half of all 235 houses has been located in Southern and border States. One major reason for this disparity has been the high cost of producing housing, even of modest design, in the Northeastern portion of the country. If the program is to benefit lower-income families on an equitable basis and not have the effect of discriminating against families because of the geographical area in which they happen to live, some flexibility must be provided in the statutory cost limits to enable the program to operate everywhere.

6. The Federal Housing Administration should pay closing costs on behalf of 235 buyers of existing housing to eliminate the competitive disadvantage under which the 235 program operates in relation to other programs.

### Discussion

Many real estate brokers have expressed reluctance to sell existing houses under the 235 program because 235 buyers are not allowed to pay closing costs. What this means is that closing costs must be paid by the seller, whom the broker represents. In nonsubsidized FHA programs, such as 221(d)(2) and 203, buyers usually pay closing costs, as they do in conventionally financed real estate transactions. As a result, the 235 program is at a competitive disadvantage and brokers tend to sell under 235 only when they are unable to find another buyer. This leads to the sale of poor quality existing housing to 235 buyers. In view of the fact that 235 buyers frequently cannot afford the additional expense of closing costs, if this competitive disadvantage is to be removed, FHA must pay them.

7. FHA should reconsider its policy of deducting from family income $300 for each minor child for purposes of determining the price of 235 housing which the family can afford.

### Discussion

Under Section 235(1) of the Housing and Urban Development Act of 1970, $300 is deducted for each minor child in determining family income for purposes of *eligibility* for participation in the program. This provision has the salutary effect of enabling large families in urgent need of housing, who otherwise might be over-income, to participate in the program. Under current FHA policy, $300 for each minor child is also deducted from family income for purposes of determining the price of the house the family can afford. This often severely restricts the range of housing choice for large families and reduces the amount of subsidy they may receive, in relation to families with the same income but with fewer children. Although the Commission agrees that some adjustment in income must be made on the basis of the number of children the family has to assure that the family does not involve itself in continuing financial obligations which it cannot hope to meet, it is necessary for FHA to reconsider this policy to assure that it is sufficiently flexible to avoid the result of precluding large families—those whose housing need is most urgent—from obtaining full benefits under the program.

8. Congress should amend Section 104 of the Housing and Urban Development Act of 1970, to authorize the Secretary to compensate owners of housing provided under FHA homeownership programs such as 221(d)(2) and 203 for structural or other defects which seriously affect the use and livableness of the house, under the same conditions as now apply with respect to housing purchased under the 235 program. Further, FHA should reevaluate its appraisal techniques and standards and the lines of communication between local and national offices.

### Discussion

In the course of its investigations, the Commission found instances in which poor quality housing, particularly existing housing in the central city, was purchased under FHA programs as a result of lax FHA appraisal practices. The Commission found that this problem was not limited to housing sold under the 235 program, but extended to other, nonsubsidized FHA programs such as 221(d)(2) and 203. Poor communication between the central office and local offices regarding the standard to be used in appraising central city housing is a major factor in this situation.

Congress provided, in Section 104 of the Housing and Urban Development Act of 1970, for compensation in cases where there were structural or other serious defects in such houses, but limited such compensation to owners of houses purchased under the 235 program. Therefore, owners of houses purchased under other FHA programs which have the same defects may not be compensated. There is no basis for this difference in treatment.

Further, by authorizing Federal compensation in the event of serious defects, Congress has provided an incentive to FHA to assure that the houses it approves for insurance under its programs are in sound condition. This incentive should not be limited to the 235 program alone, but should be extended to all other FHA homeownership programs.

## APPENDIX A

FHA insuring offices-ranked by section 235 insurance excluding mortgages in "blighted" areas as of:

| *August 31, 1970* | | *December 31, 1970* | |
|---|---|---|---|
| 1. Atlanta, Ga.: | | 1. Atlanta, Ga.: | |
| Existing houses | 1,455 | Existing houses | 1,792 |
| New houses (62 percent) | 2,476 | New houses (72 percent) | 4,769 |
| Total | 3,931 | Total | 6,561 |
| 2. Columbia, S.C.: | | 2. Columbia, S.C.: | |
| Existing houses | 1,122 | Existing houses | 1,704 |
| New houses (69 percent) | 2,561 | New houses (70 percent) | 4,051 |
| Total | 3,683 | Total | 5,755 |
| 3. Seattle, Wash.: | | 3. Seattle, Wash.: | |
| Existing houses | 1,489 | Existing houses | 2,220 |
| New houses (51 percent) | 1,568 | New houses (53 percent) | 2,504 |
| Total | 3,057 | Total | 4,724 |
| 4. San Antonio, Tex.: | | 4. Birmingham, Ala.: | |
| Existing houses | 1,430 | Existing houses | 993 |
| New houses (51 percent) | 1,502 | New houses (77 percent) | 3,323 |
| Total | 2,932 | Total | 4,316 |
| 5. New Orleans, La.: | | 5. San Antonio, Tex.: | |
| Existing houses | 580 | Existing houses | 1,788 |
| New houses (78 percent) | 2,127 | New houses (57 percent) | 2,378 |
| Total | 2,707 | Total | 4,166 |
| 6. Birmingham, Ala.: | | 6. New Orleans, La.: | |
| Existing houses | 718 | Existing houses | 744 |
| New houses (72 percent) | 1,897 | New houses (81 percent) | 3,160 |
| Total | 2,615 | Total | 3,904 |
| 7. Detroit, Mich.: | | 7. Dallas, Tex.: | |
| Existing houses | 1,052 | Existing houses | 575 |
| New houses (58 percent) | 1,480 | New houses (84 percent) | 3,110 |
| Total | 2,532 | Total | 3,685 |
| 8. Denver, Colo.: | | 8. Detroit, Mich.: | |
| Existing houses | 931 | Existing houses | 1,170 |
| New houses (62 percent) | 1,565 | New houses (68 percent) | 2,501 |
| Total | 2,496 | Total | 3,671 |

| | |
|---|---|
| 9. Tampa, Fla.: | |
| Existing houses | 397 |
| New houses (81 percent) | 1,749 |
| Total | 2,146 |
| 10. Jackson, Miss.: | |
| Existing houses | 523 |
| New houses (75 percent) | 1,587 |
| Total | 2,110 |
| 11. Sacramento, Calif.: | |
| Existing houses | 769 |
| New houses (61 percent) | 1,224 |
| Total | 1,993 |
| 12. Dallas, Tex.: | |
| Existing houses | 440 |
| New houses (75 percent) | 1,355 |
| Total | 1,795 |
| 13. Portland, Oreg. | |
| Existing houses | 389 |
| New houses (77 percent) | 1,330 |
| Total | 1,719 |
| 14. Des Moines, Iowa: | |
| Existing houses | 482 |
| New houses (70 percent) | 1,135 |
| Total | 1,617 |
| 15. Knoxville, Tenn.: | |
| Existing houses | 372 |
| New houses (76 percent) | 1,237 |
| Total | 1,609 |
| 16. Indianapolis, Ind.: | |
| Existing houses | 498 |
| New houses (66 perecnt) | 1,005 |
| Total | 1,503 |
| 17. Jacksonville, Fla.: | |
| Existing houses | 408 |
| New houses (72 percent) | 1,095 |
| Total | 1,503 |
| 18. Chicago, Ill.: | |
| Existing houses | 528 |
| New houses (63 percent) | 922 |
| Total | 1,450 |
| 19. Greensboro, N.C.: | |
| Existing houses | 534 |
| New houses (63 percent) | 915 |
| Total | 1,449 |

| | |
|---|---|
| 9. Tampa, Fla.: | |
| Existing houses | 501 |
| New houses (86 percent) | 3,152 |
| Total | 3,653 |
| 10. Jackson, Miss.: | |
| Existing houses | 797 |
| New houses (78 percent) | 2,840 |
| Total | 3,637 |
| 11. Denver, Colo.: | |
| Existing houses | 1,121 |
| New houses (68 percent) | 2,369 |
| Total | 3,490 |
| 12. Knoxville, Tenn.: | |
| Existing houses | 413 |
| New houses (86 percent) | 2,602 |
| Total | 3,015 |
| 13. Sacramento, Calif.: | |
| Existing houses | 881 |
| New houses (70 percent) | 2,094 |
| Total | 2,975 |
| 14. Chicago, Ill.: | |
| Existing houses | 624 |
| New houses (75 percent) | 1,905 |
| Total | 2,529 |
| 15. Portland, Oreg.: | |
| Existing houses | 458 |
| New houses (82 percent) | 2,043 |
| Total | 2,501 |
| 16. Greensboro, N.C.: | |
| Existing houses | 784 |
| New houses (68 percent) | 1,649 |
| Total | 2,433 |
| 17. Louisville, Ky.: | |
| Existing houses | 404 |
| New houses (83 percent) | 1,970 |
| Total | 2,374 |
| 18. Des Moines, Iowa: | |
| Existing houses | 539 |
| New houses (77 percent) | 1,797 |
| Total | 2,336 |
| 19. Salt Lake City, Utah: | |
| Existing houses | 297 |
| New houses (87 percent) | 2,035 |
| Total | 2,332 |

| | |
|---|---|
| **20. Salt Lake City, Utah:** | |
| Existing houses | 270 |
| New houses (82 percent) | 1,084 |
| Total | 1,354 |
| **21. Louisville, Ky.:** | |
| Existing houses | 344 |
| New houses (74 percent) | 1,001 |
| Total | 1,345 |
| **22. Shreveport, La.:** | |
| Existing houses | 278 |
| New houses (79 percent) | 1,056 |
| Total | 1,334 |
| **23. Oklahoma City, Okla.:** | |
| Existing houses | 419 |
| New houses (67 percent) | 860 |
| Total | 1,279 |
| **24. Little Rock, Ark.:** | |
| Existing houses | 234 |
| New houses (80 percent) | 987 |
| Total | 1,221 |
| **25. Omaha, Nebr.:** | |
| Existing houses | 568 |
| New houses (53 percent) | 646 |
| Total | 1,214 |
| **26. Milwaukee, Wis.:** | |
| Existing houses | 396 |
| New houses (66 percent) | 794 |
| Total | 1,190 |
| **27. Grand Rapids, Mich.:** | |
| Existing houses | 547 |
| New houses (53 percent) | 637 |
| Total | 1,184 |
| **28. Albuquerque, N.Mex.:** | |
| Existing houses | 614 |
| New houses (46 percent) | 539 |
| Total | 1,153 |
| **29. Reno, Nev.:** | |
| Existing houses | 239 |
| New houses (79 percent) | 909 |
| Total | 1,148 |
| **30. Columbus, Ohio:** | |
| Existing houses | 446 |
| New houses (60 percent) | 676 |
| Total | 1,122 |

| | |
|---|---|
| **20. Indianapolis, Ind.:** | |
| Existing houses | 632 |
| New houses (73 percent) | 1,690 |
| Total | 2,322 |
| **21. Jacksonville, Fla.:** | |
| Existing houses | 460 |
| New houses (80 percent) | 1,802 |
| Total | 2,262 |
| **22. Shreveport, La.:** | |
| Existing houses | 333 |
| New houses (85 percent) | 1,918 |
| Total | 2,251 |
| **23. Columbus, Ohio:** | |
| Existing houses | 538 |
| New houses (73 percent) | 1,438 |
| Total | 1,976 |
| **24. Milwaukee, Wis.:** | |
| Existing houses | 484 |
| New houses (75 percent) | 1,449 |
| Total | 1,933 |
| **25. Oklahoma City, Okla.:** | |
| Existing houses | 523 |
| New houses (73 percent) | 1,399 |
| Total | 1,922 |
| **26. Grand Rapids, Mich.:** | |
| Existing houses | 631 |
| New houses (67 percent) | 1,281 |
| Total | 1,912 |
| **27. Little Rock, Ark.:** | |
| Existing houses | 284 |
| New houses (85 percent) | 1,621 |
| Total | 1,905 |
| **28. Reno, Nev.:** | |
| Existing houses | 279 |
| New houses (85 percent) | 1,523 |
| Total | 1,802 |
| **29. San Francisco, Calif.:** | |
| Existing houses | 880 |
| New houses (50 percent) | 877 |
| Total | 1,757 |
| **30. Omaha, Nebr.:** | |
| Existing houses | 619 |
| New houses (65 percent) | 1,137 |
| Total | 1,756 |

| | |
|---|---|
| 31. San Francisco, Calif.: | |
| Existing houses | 646 |
| New houses (42 percent) | 473 |
| Total | 1,119 |
| 32. Springfield, Ill.: | |
| Existing houses | 130 |
| New houses (86 percent) | 845 |
| Total | 975 |
| 33. Topeka, Kans.: | |
| Existing houses | 500 |
| New houses (47 percent) | 452 |
| Total | 952 |
| 34. Memphis, Tenn.: | |
| Existing houses | 244 |
| New houses (74 percent) | 705 |
| Total | 949 |
| 35. Phoenix, Ariz.: | |
| Existing houses | 438 |
| New houses (53 percent) | 502 |
| Total | 940 |
| 36. Spokane, Wash.: | |
| Existing houses | 381 |
| New houses (55 percent) | 484 |
| Total | 865 |
| 37. Fort Worth, Tex.: | |
| Existing houses | 248 |
| New houses (71 percent) | 615 |
| Total | 863 |
| 38. Santa Ana, Calif.: | |
| Existing houses | 490 |
| New houses (41 percent) | 350 |
| Total | 840 |
| 39. Los Angeles, Calif.: | |
| Existing houses | 474 |
| New houses (40 percent) | 318 |
| Total | 792 |
| 40. Kansas City, Mo.: | |
| Existing houses | 474 |
| New houses (37 percent) | 280 |
| Total | 754 |
| 41. Tulsa, Okla.: | |
| Existing houses | 179 |
| New houses (76 percent) | 568 |
| Total | 747 |

| | |
|---|---|
| 31. Albuquerque, N. Mex.: | |
| Existing houses | 721 |
| New houses (57 percent) | 947 |
| Total | 1,668 |
| 32. Springfield, Ill.: | |
| Existing houses | 149 |
| New houses (91 percent) | 1,442 |
| Total | 1,591 |
| 33. Fort Worth, Tex.: | |
| Existing houses | 302 |
| New houses (80 percent) | 1,255 |
| Total | 1,577 |
| 34. Memphis, Tenn.: | |
| Existing houses | 293 |
| New houses (81 percent) | 1,240 |
| Total | 1,533 |
| 35. Phoenix, Ariz.: | |
| Existing houses | 635 |
| New houses (55 percent) | 761 |
| Total | 1,396 |
| 36. San Juan, P.R.: | |
| Existing houses | 12 |
| New houses (99 percent) | 1,358 |
| Total | 1,370 |
| 37. Tulsa, Okla.: | |
| Existing houses | 254 |
| New houses (80 percent) | 1,022 |
| Total | 1,276 |
| 38. Spokane, Wash.: | |
| Existing houses | 438 |
| New houses (66 percent) | 836 |
| Total | 1,274 |
| 39. Topeka, Kans.: | |
| Existing houses | 546 |
| New houses (56 percent) | 695 |
| Total | 1,241 |
| 40. Santa Ana, Calif.: | |
| Existing houses | 635 |
| New houses (47 percent) | 574 |
| Total | 1,209 |
| 41. Cincinnati, Ohio: | |
| Existing houses | 583 |
| New houses (50 percent) | 587 |
| Total | 1,170 |

| | |
|---|---|
| 42. Lubbock, Tex.: | |
| Existing houses | 133 |
| New houses (81 percent) | 584 |
| Total | 717 |
| 43. Cincinnati, Ohio: | |
| Existing houses | 430 |
| New houses (36 percent) | 247 |
| Total | 677 |
| 44. Richmond, Va.: | |
| Existing houses | 292 |
| New houses (53 percent) | 335 |
| Total | 627 |
| 45. San Juan, P.R.: | |
| Existing houses | 3 |
| New houses (99 percent) | 612 |
| Total | 615 |
| 46. San Diego, Calif.: | |
| Existing houses | 354 |
| New houses (43 percent) | 270 |
| Total | 624 |
| 47. Cleveland, Ohio: | |
| Existing houses | 500 |
| New houses (18 percent) | 110 |
| Total | 610 |
| 48. Minneapolis, Minn.: | |
| Existing houses | 551 |
| New houses (8 percent) | 53 |
| Total | 604 |
| 49. Philadelphia, Pa.: | |
| Existing houses | 587 |
| New houses (.3 percent) | 2 |
| Total | 589 |
| 50. St. Louis, Mo.: | |
| Existing houses | 452 |
| New houses (18 percent) | 106 |
| Total | 558 |
| 51. Newark, N.J.: | |
| Existing houses | 519 |
| New houses (.3 percent) | 2 |
| Total | 521 |
| 52. Boston, Mass.: | |
| Existing houses | 306 |
| New houses (38 percent) | 191 |
| Total | 497 |

| | |
|---|---|
| 42. San Diego, Calif.: | |
| Existing houses | 429 |
| New houses (63 percent) | 733 |
| Total | 1,162 |
| 43. Los Angeles, Calif.: | |
| Existing houses | 595 |
| New houses (47 percent) | 531 |
| Total | 1,126 |
| 44. Pittsburgh, Pa.: | |
| Existing houses | 328 |
| New houses (70 percent) | 752 |
| Total | 1,080 |
| 45. Richmond, Va.: | |
| Existing houses | 362 |
| New houses (66 percent) | 708 |
| Total | 1,070 |
| 46. Lubbock, Tex.: | |
| Existing houses | 211 |
| New houses (80 percent) | 857 |
| Total | 1,068 |
| 47. Cleveland, Ohio: | |
| Existing houses | 678 |
| New houses (35 percent) | 371 |
| Total | 1,049 |
| 48. Minneapolis, Minn.: | |
| Existing houses | 750 |
| New houses (27 percent) | 284 |
| Total | 1,034 |
| 49. Kansas City, Mo.: | |
| Existing houses | 545 |
| New houses (46 percent) | 468 |
| Total | 1,013 |
| 50. Miami, Fla.: | |
| Existing houses | 131 |
| New houses (85 percent) | 742 |
| Total | 873 |
| 51. Philadelphia, Pa.: | |
| Existing houses | 796 |
| New houses (1 percent) | 11 |
| Total | 807 |
| 52. Newark, N.J.: | |
| Existing houses | 790 |
| New houses (.2 percent) | 2 |
| Total | 792 |

| | |
|---|---|
| 53. Pittsburgh, Pa.: | |
| Existing houses | 278 |
| New houses (43 percent) | 210 |
| Total | 488 |
| 54. Buffalo, N.Y.: | |
| Existing houses | 155 |
| New houses (64 percent) | 287 |
| Total | 442 |
| 55. D.C.: | |
| Existing houses | 359 |
| New houses (17 percent) | 76 |
| Total | 435 |
| 56. Houston, Tex.: | |
| Existing houses | 243 |
| New houses (36 percent) | 155 |
| Total | 398 |
| 57. Miami, Fla.: | |
| Existing houses | 105 |
| New houses (72 percent) | 281 |
| Total | 386 |
| 58. Sioux Falls, S. Dak.: | |
| Existing houses | 164 |
| New houses (52 percent) | 179 |
| Total | 343 |
| 59. Charleston, W. Va.: | |
| Existing houses | 151 |
| New houses (55 percent) | 188 |
| Total | 339 |
| 60. Helena, Mont.: | |
| Existing houses | 165 |
| New houses (48 percent) | 156 |
| Total | 321 |
| 61. Camden, N.J.: | |
| Existing houses | 177 |
| New houses (43 percent) | 135 |
| Total | 312 |
| 62. Boise, Idaho: | |
| Existing houses | 90 |
| New houses (70 percent) | 220 |
| Total | 310 |
| 63. Manchester, N.H.: | |
| Existing houses | 75 |
| New houses (66 percent) | 146 |
| Total | 221 |

| | |
|---|---|
| 53. Boston, Mass.: | |
| Existing houses | 383 |
| New houses (50 percent) | 379 |
| Total | 762 |
| 54. St. Louis, Mo.: | |
| Existing houses | 503 |
| New houses (32 percent) | 238 |
| Total | 741 |
| 55. Buffalo, N.Y.: | |
| Existing houses | 188 |
| New houses (74 percent) | 548 |
| Total | 736 |
| 56. Houston, Tex.: | |
| Existing houses | 282 |
| New houses (56 percent) | 354 |
| Total | 636 |
| 57. D.C.: | |
| Existing houses | 458 |
| New houses (19 percent) | 107 |
| Total | 565 |
| 58. Camden, N.J.: | |
| Existing houses | 222 |
| New houses (58 percent) | 310 |
| Total | 532 |
| 59. Boise, Idaho: | |
| Existing houses | 101 |
| New houses (81 percent) | 428 |
| Total | 529 |
| 60. Helena, Mont.: | |
| Existing houses | 188 |
| New houses (63 percent) | 327 |
| Total | 515 |
| 61. Sioux Falls, S. Dak.: | |
| Existing houses | 175 |
| New houses (65 percent) | 330 |
| Total | 505 |
| 62. Charleston, W. Va.: | |
| Existing houses | 157 |
| New houses (62 percent) | 257 |
| Total | 414 |
| 63. Manchester, N.H.: | |
| Existing houses | 98 |
| New houses (74 percent) | 272 |
| Total | 370 |

| | |
|---|---|
| **64. Hartford, Conn.:** | |
| Existing houses | 199 |
| New house (.5 percent) | 1 |
| Total | 200 |
| **65. Bangor, Maine:** | |
| Existing houses | 66 |
| New houses (51 percent) | 70 |
| Total | 136 |
| **66. Casper, Wyo.:** | |
| Existing houses | 42 |
| New houses (68 percent) | 92 |
| Total | 134 |
| **67. Albany, N.Y.:** | |
| Existing houses | 42 |
| New houses (61 percent) | 68 |
| Total | 110 |
| **68. Providence, R.I.:** | |
| Existing houses | 100 |
| New houses (3 percent) | 4 |
| Total | 104 |
| **69. Baltimore, Md.:** | |
| Existing houses | 30 |
| New houses (71 percent) | 74 |
| Total | 104 |
| **70. Fargo, N.D.:** | |
| Existing houses | 43 |
| New houses (34 percent) | 23 |
| Total | 66 |
| **71. Burlington, Vt.:** | |
| Existing houses | 29 |
| New houses (48 percent) | 27 |
| Total | 56 |
| **72. Anchorage, Alaska:** | |
| Existing houses | 29 |
| New houses (47 percent) | 26 |
| Total | 55 |
| **73. Wilmington, Del.:** | |
| Existing houses | 46 |
| New houses (8 percent) | 4 |
| Total | 50 |
| **74. Honolulu, Hawaii:** | |
| Existing houses | 0 |
| New houses (100 percent) | 4 |
| Total | 4 |
| **75. Hempstead, N.Y.:** | |
| Existing houses | 3 |
| New houses (0 percent) | 0 |
| Total | 3 |
| **76. New York, N.Y.:** | |
| Existing houses | 0 |
| New houses | 0 |
| Total | 0 |

| | |
|---|---|
| **64. Hartford, Conn.:** | |
| Existing houses | 252 |
| New houses (15 percent) | 44 |
| Total | 296 |
| **65. Casper, Wyo.:** | |
| Existing houses | 44 |
| New houses (80 percent) | 181 |
| Total | 225 |
| **66. Bangor, Maine:** | |
| Existing houses | 74 |
| New houses (62 percent) | 122 |
| Total | 196 |
| **67. Baltimore, Md.:** | |
| Existing houses | 40 |
| New houses (76 percent) | 124 |
| Total | 164 |
| **68. Providence, R.I.:** | |
| Existing houses | 134 |
| New houses (16 percent) | 25 |
| Total | 159 |
| **69. Albany, N.Y.:** | |
| Existing houses | 47 |
| New houses (66 percent) | 93 |
| Total | 140 |
| **70. Fargo, N. Dak.:** | |
| Existing houses | 51 |
| New houses (61 percent) | 80 |
| Total | 131 |
| **71. Burlington, Vt.:** | |
| Existing houses | 37 |
| New houses (64 percent) | 66 |
| Total | 103 |
| **72. Honolulu, Hawaii:** | |
| Existing houses | 3 |
| New houses (97 percent) | 94 |
| Total | 97 |
| **73. Wilmington, Del.:** | |
| Existing houses | 74 |
| New houses (15 percent) | 13 |
| Total | 87 |
| **74. Anchorage, Alaska:** | |
| Existing houses | 31 |
| New houses (58 percent) | 43 |
| Total | 74 |
| **75. Hempstead, N.Y.:** | |
| Existing houses | 9 |
| New houses (25 percent) | 3 |
| Total | 12 |
| **76. New York, N.Y.:** | |
| Existing houses | 0 |
| New houses | 0 |
| | 0 |

## APPENDIX B

FHA insuring offices-ranked by section 335 insurance—mortgages in "blighted" areas.

| | |
|---|---|
| 1. Detroit, Mich.: | |
| Existing houses | 665 |
| New houses | 259 |
| Total | 924 |
| 2. Milwaukee, Wis.: | |
| Existing houses | 668 |
| New houses | 16 |
| Total | 684 |
| 3. Atlanta, Ga.: | |
| Existing houses | 165 |
| New houses | 134 |
| Total | 299 |
| 4. Cincinnati, Ohio: | |
| Existing houses | 285 |
| New houses | 7 |
| Total | 292 |
| 5. Dallas, Tex.: | |
| Existing houses | 193 |
| New houses | 93 |
| Total | 286 |
| 6. St. Louis, Mo.: | |
| Existing houses | 235 |
| New houses | 14 |
| Total | 249 |
| 7. Columbia, S.C.: | |
| Existing houses | 30 |
| New houses | 210 |
| Total | 240 |
| 8. Indianapolis, Ind.: | |
| Existing houses | 72 |
| New houses | 162 |
| Total | 234 |
| 9. Cleveland, Ohio: | |
| Existing houses | 198 |
| New houses | 5 |
| Total | 203 |
| 10. D.C.: | |
| Existing houses | 200 |
| New houses | 0 |
| Total | 200 |
| 11. Newark, N.J.: | |
| Existing houses | 190 |
| New houses | 0 |
| Total | 190 |
| 12. Chicago, Ill.: | |
| Existing houses | 142 |
| New houses | 47 |
| Total | 189 |
| 13. Memphis, Tenn.: | |
| Existing houses | 59 |
| New houses | 130 |
| Total | 189 |
| 14. Columbus, Ohio: | |
| Existing houses | 151 |
| New houses | 29 |
| Total | 180 |
| 15. Salt Lake City, Utah: | |
| Existing houses | 94 |
| New houses | 85 |
| Total | 179 |
| 16. Camden, N.J.: | |
| Existing houses | 175 |
| New house | 1 |
| Total | 176 |
| 17. Kansas City, Mo.: | |
| Existing houses | 162 |
| New houses | 10 |
| Total | 172 |
| 18. San Francisco, Calif.: | |
| Existing houses | 126 |
| New houses | 36 |
| Total | 162 |
| 19. Des Moines, Iowa: | |
| Existing houses | 50 |
| New houses | 86 |
| Total | 136 |
| 20. Birmingham, Ala.: | |
| Existing houses | 23 |
| New houses | 104 |
| Total | 127 |

| | |
|---|---|
| 21. Phoenix, Ariz.: | |
| Existing houses | 70 |
| New houses | 34 |
| Total | 104 |
| 22. Knoxville, Tenn.: | |
| Existing houses | 68 |
| New houses | 35 |
| Total | 103 |
| 23. Santa Ana, Calif.: | |
| Existing houses | 98 |
| New houses | 3 |
| Total | 101 |
| 24. Jacksonville, Fla.: | |
| Existing houses | 14 |
| New houses | 87 |
| Total | 101 |
| 25. Spokane, Wash.: | |
| Existing houses | 77 |
| New houses | 14 |
| Total | 91 |
| 26. Little Rock, Ark.: | |
| Existing houses | 8 |
| New houses | 80 |
| Total | 88 |
| 27. Minneapolis, Minn.: | |
| Existing houses | 58 |
| New houses | 28 |
| Total | 86 |
| 28. Tampa, Fla.: | |
| Existing houses | 21 |
| New houses | 63 |
| Total | 84 |
| 29. Los Angeles, Calif.: | |
| Existing houses | 74 |
| New houses | 6 |
| Total | 80 |
| 30. Seattle, Wash.: | |
| Existing houses | 70 |
| New houses | 7 |
| Total | 77 |
| 31. New Orleans, La.: | |
| Existing houses | 50 |
| New houses | 17 |
| Total | 67 |
| 32. Denver, Colo.: | |
| Existing houses | 62 |
| New houses | 3 |
| Total | 65 |
| 33. Springfield, Ill.: | |
| Existing houses | 49 |
| New houses | 9 |
| Total | 58 |
| 34. Grand Rapids, Mich.: | |
| Existing houses | 45 |
| New houses | 12 |
| Total | 57 |
| 35. Hartford, Conn.: | |
| Existing houses | 53 |
| New houses | 0 |
| Total | 53 |
| 36. Pittsburgh, Pa.: | |
| Existing houses | 51 |
| New houses | 0 |
| Total | 51 |
| 37. Omaha, Nebr.: | |
| Existing houses | 40 |
| New houses | 0 |
| Total | 40 |
| 38. Philadelphia, Pa.: | |
| Existing houses | 38 |
| New houses | 0 |
| Total | 38 |
| 39. Shreveport, La.: | |
| Existing houses | 7 |
| New houses | 28 |
| Total | 35 |
| 40. Richmond, Va.: | |
| Existing houses | 21 |
| New houses | 9 |
| Total | 30 |
| 41. Houston, Tex.: | |
| Existing houses | 24 |
| New houses | 1 |
| Total | 25 |
| 42. Sioux Falls, S. Dak.: | |
| Existing houses | 2 |
| New houses | 21 |
| Total | 23 |

| | |
|---|---|
| 43. Greensboro, N.C.: | |
| Existing houses | 14 |
| New houses | 8 |
| Total | 22 |
| 44. Albany, N.Y.: | |
| Existing houses | 21 |
| New houses | 0 |
| Total | 21 |
| 45. Sacramento, Calif.: | |
| Existing houses | 16 |
| New houses | 4 |
| Total | 20 |
| 46. San Antonio, Tex.: | |
| Existing houses | 17 |
| New houses | 2 |
| Total | 19 |
| 47. Topeka, Kans.: | |
| Existing houses | 12 |
| New houses | 7 |
| Total | 19 |
| 48. Boston, Mass.: | |
| Existing houses | 16 |
| New houses | 1 |
| Total | 17 |
| 49. Albuquerque, N. Mex.: | |
| Existing houses | 14 |
| New houses | 2 |
| Total | 16 |
| 50. Louisville, Ky.: | |
| Existing houses | 13 |
| New houses | 2 |
| Total | 15 |
| 51. Providence, R.I.: | |
| Existing houses | 11 |
| New house | 1 |
| Total | 12 |
| 52. Fort Worth, Tex.: | |
| Existing houses | 9 |
| New houses | 2 |
| Total | 11 |
| 53. Oklahoma City, Okla.: | |
| Existing houses | 8 |
| New houses | 2 |
| Total | 10 |

| | |
|---|---|
| 54. Miami, Fla.: | |
| Existing houses | 7 |
| New houses | 3 |
| Total | 10 |
| 55. San Diego, Calif.: | |
| Existing houses | 10 |
| New houses | 0 |
| Total | 10 |
| 56. Fargo, N. Dak.: | |
| Existing house | 1 |
| New houses | 9 |
| Total | 10 |
| 57. Jackson, Miss.: | |
| Existing houses | 2 |
| New houses | 6 |
| Total | 8 |
| 58. Bangor, Maine: | |
| Existing houses | 6 |
| New houses | 0 |
| Total | 6 |
| 59. Boise, Idaho: | |
| Existing houses | 0 |
| New houses | 6 |
| Total | 6 |
| 60. Tulsa, Okla.: | |
| Existing house | 1 |
| New houses | 3 |
| Total | 4 |
| 61. Portland, Oreg.: | |
| Existing houses | 0 |
| New houses | 3 |
| Total | 3 |
| 62. Reno, Nev.: | |
| Existing houses | 3 |
| New houses | 0 |
| Total | 3 |
| 63. Buffalo, N.Y.: | |
| Existing house | 1 |
| New houses | 0 |
| Total | 1 |
| 64. Manchester, N.H.: | |
| Existing house | 1 |
| New houses | 0 |
| Total | 1 |

## APPENDIX C

### 235 INCOME LIMITS OF FOUR METROPOLITAN AREAS

### EXCEPTION LIMITS 90 PERCENT OF 221(d)(3)

| SMSA | 3 & 4 | 4 & 6 |
|---|---|---|
| St. Louis | $8,100 | $9,300 |
| Philadelphia | 7,650 | 8,800 |
| Denver | 7,300 | 8,350 |
| Little Rock | 6,050 | 6,950 |

### REGULAR LIMITS 135 PERCENT OF PUBLIC HOUSING

| Area | 4 persons | 5 persons |
|---|---|---|
| St. Louis: | | |
| Average | $6,615 | $7,695 |
| City | 6,750 | 8,640 |
| County | 6,480 | 6,750 |
| Denver: | | |
| Average | 6,480 | 6,952 |
| Denver | 6,480 | 7,155 |
| Adams | 6,480 | 6,885 |
| Arapahoe | 6,480 | 6,885 |
| Jefferson | 6,480 | 6,885 |
| Little Rock: | | |
| Average | 6,210 | 6,615 |
| City and county same | | |
| Philadelphia: | | |
| Average | 5,895 | 6,255 |
| Chester City | 6,480 | 6,885 |
| Montgomery | 6,480 | 6,885 |
| Chester | 6,075 | 6,480 |
| Delaware | 5,670 | 5,940 |
| Bucks | 5,535 | 5,940 |
| Philadelphia | 5,130 | 5,400 |

IN THE DISTRICT COURT OF THE UNITED STATES

APPENDIX D

FOR THE EASTERN DISTRICT OF MISSOURI

EASTERN DIVISION

VIRGIL WRIGHT, ANNA BUSCH, LOIS WHITE,
BETTY NEWSHAM, MARY JANE HALL, WILLIS
LLOYD, NORMAN HIRSCH, SARAH WHITEHEAD,
MURRAY O'MALLEY, RICHARD DOWE, BURKE MEES,
L. SIMINGTON CURTIS, JANE and PRENTICE
DAIVS, RUTH DAVENPORT, WILLIAM BROWN,
MICHAEL and BETTY MCGRATH,

**Plaintiffs,**

Cause No. 70C 291(3)

**vs.**

Division__________

GEORGE ROMNEY, SECRETARY, DEPARTMENT OF
HOUSING &URBAN DEVELOPMENT
and
MICHAEL GALLI, DIRECTOR, FEDERAL HOUSING
ADMINISTRATION
Serve: Federal Housing Administration
315 North Seventh Street
St. Louis, Missouri 63101
Daniel Bartlett, U.S. District
Attorney for the Eastern Division
of the Eastern District of Missouri

**Defendants.**

## COMPLAINT

For their complaint Plaintiffs state:

1. Plaintiffs are individuals and owners of single-family residences residing in the City of St. Louis in an area bounded by DeBaliviere Avenue, Forest Park Boulevard, Skinker Boulevard and Delmar Boulevard, all in the State of Missouri.

2. Defendant, George Romney, is Secretary of Housing

and Urban Development and as such is charged with the administration of Title 42, Section 3601 et seq USCA (Title 8 of the Civil Rights Act of 1968) and Title 12, Section 1715Z USCA (Section 235 of the Housing and Urban Development Act of 1968).

3. Defendant, Michael Galli, is the Director of the St. Louis office of the Federal Housing Administration and as such is charged as the Secretary's delegate with respect to the administration of the provisions of Section 235 and specifically the approval of mortgagors and properties for insurance under said Section in the City of St. Louis and St. Louis County and specifically in the area in which Plaintiffs reside.

4. This claim for relief arises under Title 42, Section 3603(c) USCA and Title 12, Section 1715Z USCA in that Defendants have aided and abetted through their acquiescence in the actions of real estate dealers who have selected for financing under Section 1715Z(h)(3) certain single family houses concentrated primarily in so-called "integrated" areas of the City of St. Louis and St. Louis County and specifically in the area in which Plaintiffs reside and have channeled persons eligible for mortgage assistance under said law who are Negro into certain areas including the area in which Plaintiffs live to the exclusion of other areas

and that Defendants have failed to administer the said program consistent with maintenance of long term values and the economic and social stability of neighborhoods established as hereinafter set forth. This Court has jurisdiction under Title 28, Section 1331 USCA in that the matters and things herein alleged involve a substantial federal question, and under Title 28, Section 1346(2) USCA, in that the matters and things herein alleged involve actions by officials of the United States in excess of their authority and in violation of the dictates and policies of certain acts of Congress including those mentioned hereinbefore.

5. Plaintiffs live in an area which is racially mixed and has been for many years. They and other residents of the area have worked for a substantial period of time to build an integrated and stable community composed of persons of all economic groups and races. In their efforts they have been met by general hostility on the part of real estate dealers and at times in the past by the Federal Housing Administration in that potential Caucasian buyers have been channeled away from said neighborhood into areas reserved as all white neighborhoods and Negro buyers were channeled into their area and into certain other areas designated by certain real estate dealers to become all black areas.

6. There has arisen as a result of the activities of said real estate dealers, financing institutions and others, a pattern of segregated housing in the St. Louis metropolitan area. The area in which Plaintiffs live is one of the few areas in the City of St. Louis or St. Louis county in which large numbers of both black and white people live as a result of efforts by the Plaintiffs and others living in the area to promote the area as an integrated living environment.

7. Included in the Housing and Urban Development Act of 1968 is the Section 235 program under which federal mortgage assistance is extended to poor persons and to persons otherwise not eligible as credit risks for insurance under various federal housing administration mortgage insurance programs. As a result of the pattern of discrimination as it has existed against Negro people a large number of persons eligible for housing under said program are black and poor.

8. Plaintiffs believe and therefore aver that the mortgages approved under the 235 program for homes not newly constructed (Title 12, Section 17152(h)(3) for potential Negro householders have been largely concentrated in so-called changing or integrated areas although a substantial supply of housing in the same price range has been available in other places in the metropolitan area which have been reserved by said real

estate dealers for all-white occupancy.

9. Plaintiffs are aware of a large number of homes being sold in their area under the provisions of Title 12, Section 1715Z(h)(3) and have noted a tendency on the part of real estate dealers to concentrate large numbers of poor, black persons in their neighborhood far above the concentration to be expected were such housing opportunities extended to such persons throughout the metropolitan area.

10. Plaintiffs have communicated with Defendant Galli and Defendant Romney with respect to this policy on the part of the Federal Housing Administration in the City of St. Louis and St. Louis County and have received no information other than a verbal representation on the part of employees in Mr. Galli's office and statements by Mr. Galli reported in the public press that he has no responsibility with respect to the selection of mortgagors or dwellings under the provisions of said Title and Section and to the extent that there are concentrations of this type of housing in certain neighborhoods it is a matter completely and entirely beyond his control and responsibility under the law.

11. Plaintiffs believe and therefore aver that the pattern of concentration of poor families provided subsidized housing under said Title and Section will and have contributed

to instability and racial change in the area in which they live and results in a channeling of persons into certain areas of the City and County as a result of their race all in violation of the policies and provisions of Title 42, Section 3600 et seq USCA and in derogation of the duty said Defendants Romney and Galli have to administer the Section 235 provisions of the sistent with neighborhood stability, racial integration and the preservation of long-term housing values in neighborhoods in which the Federal Housing Administration provides insurance.

12. The acts and omissions of Defendants have caused and unless enjoined will continue to cause irreparable injury to the Plaintiffs and other persons similarly situated impossible to fully calculate in dollars, including overcrowding of the neighborhood's school and recreational facilities with large numbers of children, lowering of property values, and Plaintiffs have no adequate remedy at law.

WHEREFORE, Plaintiffs pray this honorable court to make and enter its temporary restraining order restraining Defendants Romney and Galli from issuing additional commitments for mortgage assistance under Section 235 within the area bounded by DeBaliviere, Delmar, Skinker and Forest Park and in such other areas as the court shall find have been similarly overloaded with such housing, to require said Defendants to publish all details concerning the number of commitments granted under said program during the time of their administration in St. Louis, whether the mortgagors were Caucasian or Negro and location of said property and to make and enter a final order judgment and decree requiring said Defendants to demonstrate to the court that said commitments will be issued in a manner consistent with achieving the maximum racial, social and economic integration in St. Louis and St. Louis County and that commitments will be made to persons regardless of race in all areas of St. Louis and St. Louis County and will not be concentrated in certain neighborhoods and will be made uniformly available in areas in which housing is available in the price range and consistent with the provisions of said act

To enjoin said Defendants from administering the said act in such a way as to concentrate recipients of Section 235 mortgage assistance in any one particular area and specifically in the area in which Plaintiffs live and to enjoin the issuance of any further 235 commitments in such area and to grant Plaintiffs their costs herein and to enter such other and further order as are deemed meet and just the premises considered.

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St. Louis, Missouri 63112

Attorneys for Plaintiffs

APPENDIX E

| | |
|---|---|
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**<br>**FEDERAL HOUSING ADMINISTRATION** | Series and Series No.<br>COMMISSIONER LETTER<br>NO. 63 |
| TO: ALL ASSISTANT COMMISSIONERS, WASHINGTON DIVISION HEADS, INSURING OFFICE DIRECTORS, HUD REGIONAL ADMINISTRATORS, AND THE DIRECTOR, REGIONAL SUPPORT STAFF | Control No. FW-474 — Date July 31, 1967 |

SUBJECT: PROHIBITION OF ARBITRARY EXCLUSIONS OF COMMUNITIES AND NEIGHBORHOODS AND THE WAIVER OF ECONOMIC SOUNDNESS IN RIOT OR RIOT THREATENED AREAS

The purpose of this letter is to call to your attention the fact that FHA will not designate entire communities or areas as ineligible for participation in its mortgage insurance operations. Instead, eligibility is established in response to an application and its compliance with prescribed eligibility standards and criteria. This is done on a case-by-case basis and places major emphasis on the eligibility of the property being examined. This policy permits use of all mortgage insurance programs in any area provided the individual transaction meets the eligibility requirements.

In some instances there has been hesitancy on the part of insuring offices to make FHA programs available in older neighborhoods. An automatic exclusion of a community or neighborhood merely because it is old can result in the shutting off of capital investments in these areas. Likewise, limiting FHA participation to one program, for example, Section 221(d)(2), can mark an area as one in which FHA lacks confidence. Real estate brokers and mortgage lenders, when they have knowledge of arbitrary exclusions by FHA, tend to hold back on conventional financing. The non-availability of mortgage funds accelerates decline and increases the costs and problems of financing real estate. It forces the use of second and third mortgages and other means of financing which increase the home owner's risk and housing expense.

FHA's mortgage insurance activities in older areas must not be confined to urban renewal areas or limited to one or two programs. There are many older neighborhoods and areas where FHA can and should make all of its mortgage insurance programs available on an individual case basis. Your attention and the attention of your staff is again directed to Commissioner Letter No. 38 dated November 8, 1965, and to the general policies and guides set forth therein. Also, your attention is directed to the letter to All Approved Mortgagees, No. 66-22, dated November 9, 1966. That letter announced an amendment to the National Housing Act relaxing the economic soundness requirement for Section 203(b) if the dwelling is located in an area in which rioting or other civil disorders have occurred or are threatened. To be eligible for commitment and for mortgage insurance the transaction must meet all other Section 203(b) eligibility criteria.

The intent of the amendment to Section 203 which substitutes the acceptable risk determination for economic soundness is to offer insured mortgage financing to credit worthy individuals who are the innocent victims of their surroundings: -- a neighborhood where riots have occurred or are threatened. The amendment makes it possible for responsible citizens to remain in an area and to form a stable nucleus of home owners. It encourages eligible purchasers to move into the area because favorable mortgage terms are available. Denial of Section 203 financing in these areas when property and borrower are an acceptable risk is a restrictive financial practice that hinders the free flow of credit for home purchasers.

Waiver of the economic soundness requirement by statute; and the policies and instructions in the two cited letters are a firm basis for using all FHA programs in a community; provided the individual transaction meets the eligibility requirements for that program. This means that if the particular unit meets minimum property standards and the mortgagor qualifies, the mortgage is insurable under 203(b) even though the neighborhood would not permit a finding of economic soundness. A memorandum should be put in the file supporting the finding.

Please see that all members of your staff are familiar with FHA policy concerning the use of all programs in a community or neighborhood. Also any arbitrary and area-wide exclusions as to a particular program that are in effect are to be rescinded. The foregoing does not preclude the continued designation of well defined areas as ineligible for mortgage insurance when definite hazards and nuisances exists; for example, areas subject to flooding or subsidence, areas adversely affected by airports, and areas in transition from residential to commercial or industrial usage.

Effective upon receipt of this letter each insuring office will tabulate by case number and property address all Section 203(b) conditional commitments issued on an "acceptable risk" basis by reason of the property's location in an area where rioting or other civil disorders have occurred or are threatened. This listing will be maintained in the valuation section and will be made when the commitment is released. Each Friday a copy of the listing will be attached to the copies of Weekly Report of Operations, Form 2498, submitted to the Regional Operations Commissioner and to the Research and Statistics Division. In any week in which there are no 203(b) "acceptable risk" commitments, a footnote statement to that effect shall be made on Form 2498.

APPENDIX F

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

# CIRCULAR

HPMC-FHA 4035.8

December 30, 1970

**SUBJECT:**
I. REQUIRED IDENTIFICATION OF OWNERSHIP WHERE SELLER IS NOT THE OWNER OCCUPANT, EXISTING PROPERTIES
II. USE OF MODIFIED COST APPROACH ON EXISTING PROPERTIES IN AREAS DOMINATED BY SPECULATOR ACTIVITY

PURPOSE. IDENTIFICATION OF OWNERSHIP. The increasing number of applications for mortgage insurance being received involving inner-city and other problem areas dominated by speculators has made it necessary to provide these additional instructions.

Sellers who are not owner occupants must be identified in order to disclose straw parties and speculator activity. The application Form 2800 will be revised at its next printing. In the meantime, the following instructions with respect to identification of ownership must be implemented immediately.

MODIFIED COST APPROACH. The directives in this Circular concerning the modified cost approach supplement the outstanding appraisal instructions in Section 14, Volume VII, FHA Manual and are intended to facilitate more realistic appraisals of properties located in areas of extensive speculator activity. It must be emphasized that in appraising income properties the market approach is the most reliable indicator of value and must be utilized as the principal approach. In areas where speculators constitute the principal means by which properties are marketed and FHA is the principal source of financing, this additional approach to value will help to prevent unreasonable disparities between net sellers' prices plus typical costs and FHA values with the attendant implications of excessive speculator profits. This modification of the cost approach, which will be implemented immediately in the areas affected, will provide another limit upon value to supplement the market approach. The information concerning ownership, acquisition prices, repairs and other costs should be an invaluable source of data to implement this approach.

A speculator is one whose motive in purchasing a property is to resell as soon as possible at a profit. He may or may not make repairs and may purchase on a contract for deed or he may buy outright.

When speculators predominate in the buying, repairing and selling of older existing dwellings, there frequently is inadequate market data available for market comparison purposes that does not involve, or is unaffected by, such speculative transactions. In such neighborhoods, this modified cost approach is mandatory.

Distribution: 0-1, 0-2, 0-3,
F-1, F-2, F-3,
R-5, W-3-1

HPMC-FHA 4035.8

## I. INSTRUCTIONS FOR THE IDENTIFICATION OF OWNERSHIP

A. Effective immediately, all mortgagees will be notified that where the seller of the property is not the occupant, the application must show the name and address of the owner and the date the property was acquired. If the date is less than two years prior to the date of application or if the field office for any pertinent reason deems such information essential on any particular application, the total itemized cost of acquisition and an itemization of the cost of any improvements made to the property by such seller must be furnished with the application. Falsification or other fraudulent information will be considered cause for prosecution.

B. Valuation Clerks must be instructed to carefully review all applications during initial review prior to assignment to ascertain the need for the required information in A. above. If the property is shown on the application to be vacant or tenant occupied, the application will be returned to the mortgagee as a fee earned reject.

The information provided will be transmitted to the processing appraiser together with the application.

C. The director of each field office will issue a letter to all mortgagees in his jurisdiction reciting the requirements in Paragraph A. above.

## II. MODIFIED COST APPROACH

A. Delineation of Areas and Benchmarks: The neighborhoods in which this modified cost approach is to be used must be designated and delineated by the Chief Appraiser in each field office and will be limited to those areas dominated by speculator activity.

1. The first step in this approach is to collect sales data of net prices received by sellers selling to speculators (reflecting the As Is Value (before repairs)) using the market approach. Benchmark appraisals will be established in accordance with Paragraph 71418.3 to justify the appraiser's As Is Value. The benchmark comparison must be made on Form 2019 for each type of property typical in the locality. The data can be collected from the usual sources of market data including courthouse records, mortgagees, contractors, brokers and speculators dealing in this kind of property.

   The benchmarks will be coded for identification purposes and the code number identified on the 2800 used in appraising the subject.

B. Data: The next step is to collect data relating to the following four items described below. Verification and comparison of substantial amounts of this data is necessary to assure its validity. This data will be assembled by the office and provided the fee and staff appraisers working in the areas designated. It must be updated as needed to assure its reliability.

1. Expenses incurred in connection with the As Is Purchase from the original owner (recording charges, transfer taxes and any other expenses of purchase).
2. Interim Financing Expense (interest on borrowed money necessary to carry the property until resale) expressed as a percentage which will be applied to the As Is Value.
3. Expenses incurred in connection with holding the property awaiting sale and closing (such as taxes, insurance, water and heating costs, grass-cutting, etc.) This may or may not be an element of expense, particularly if in the typical transaction the sale is consummated early or the speculator rents the property during the sale period.
4. Typical broker's commission charged (percentage) on properties of this type.

C. Repairs: The cost of repairs proposed or required to make the subject property acceptable must be estimated in the usual manner.

D. Method:

1. Determine the As Is Value from the benchmarks provided. Enter the As Is Value in Box 31 on the 2800-3 (see example). The Benchmark 2019 utilized will be identified by code number next to the As Is Value.
2. Enter expense of As Is Purchase (B-1 above).
3. Calculate the interim financing expense (B-2 above).
4. Add holding costs (if any)(B-3).
5. Add repairs proposed or required to bring the subject property up to a condition acceptable to HUD and the market (from Box 33).

6. Next, total the As Is Value, the expense of As Is Purchase, the interim mortgage expense and the repairs.

7. Multiply this total by a reasonable overhead and profit allowance. A reasonable profit is one which is required in order to attract legitimate enterprises to engage in the purchase, repair or rehabilitation, and resale of older properties in the locality. The profit allowance must be such that it will discourage the "speculator" or "suede shoe" operator. The purpose is to exclude from FHA insured properties the possibility of exorbitant profits at the purchaser's expense.

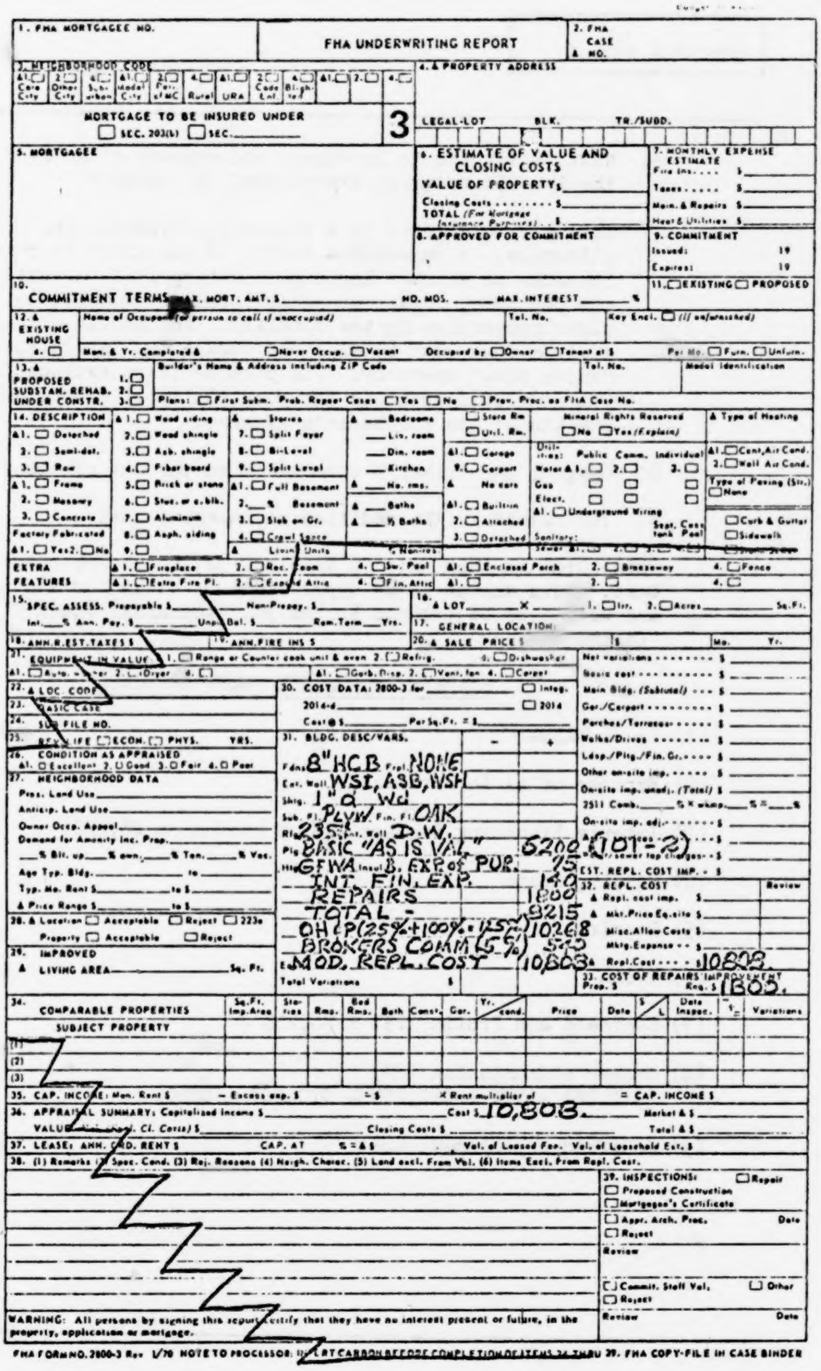
8. Compute the Broker's commission on the sum of the above.

9. The result is the modified replacement cost.

This total is then entered in Block 32, Total Replacement Cost. This amount is an upper limit of value for the property and will also be entered in Box 36, "Appraisal Summary" as "Cost".

EXAMPLE OF MODIFIED COST APPROACH

| | |
|---|---|
| (1) As Is Value | $ 6,200. |
| (2) Expense of As Is Purchase | 75. |
| (3) Interim Financing Expense (9%, 3 months on $6,200) | 140. |
| (4) Holding Costs | (None) |
| (5) Repairs | 1,800. |
| (6) TOTAL | $ 8,215. |
| (7) Overhead and Profit 125% x $8,215 = | 10,268. |
| (8) Broker's Commission (5%) =<br>($10,268 ÷ 95% = $10,808 - $10,268 = $540) | 540. |
| (9) Modified Replacement Cost | $10,808 |



1. FHA MORTGAGEE NO.

FHA UNDERWRITING REPORT

2. FHA CASE ▲ NO.

3. NEIGHBORHOOD CODE ▲1.☐ Core City 2☐ Other City 4☐ Suburban ▲1.☐ Model City 2☐ Per. of MC 4.☐ Rural ▲1.☐ URA 2☐ Code Enf. 4☐ Blighted ▲1.☐ 2.☐ 4.☐

MORTGAGE TO BE INSURED UNDER ☐ SEC. 203(b) ☐ SEC.______

3

4. ▲ PROPERTY ADDRESS

LEGAL-LOT BLK. TR./SUBD.

5. MORTGAGEE

6. ESTIMATE OF VALUE AND CLOSING COSTS
VALUE OF PROPERTY $______
Closing Costs . . . . . . . . $______
TOTAL *(For Mortgage Insurance Purposes)* . . $______

7. MONTHLY EXPENSE ESTIMATE
Fire Ins. . . . . $______
Taxes . . . . . $______
Main. & Repairs $______
Heat & Utilities $______

8. APPROVED FOR COMMITMENT

9. COMMITMENT
Issued: 19
Expires: 19

10. COMMITMENT TERMS MAX. MORT. AMT. $______ NO. MOS. ____ MAX. INTEREST ____ %

11. ☐ EXISTING ☐ PROPOSED

12. ▲ EXISTING HOUSE 4. ☐ Name of Occupant *(or person to call if unoccupied)* Tel. No. Key Encl. ☐ *(if unfurnished)*
Mon. & Yr. Completed ▲ ☐ Never Occup. ☐ Vacant Occupied by ☐ Owner ☐ Tenant at $ Per Mo. ☐ Furn. ☐ Unfurn.

13. ▲ PROPOSED 1.☐ SUBSTAN. REHAB. 2.☐ UNDER CONSTR. 3.☐ Builder's Name & Address including ZIP Code Tel. No. Model Identification
Plans: ☐ First Subm. Prob. Repeat Cases ☐ Yes ☐ No ☐ Prev. Proc. as FHA Case No.

14. DESCRIPTION
▲1. ☐ Detached 2. ☐ Semi-det. 3. ☐ Row
▲1. ☐ Frame 2. ☐ Masonry 3. ☐ Concrete
Factory Fabricated ▲1. ☐ Yes 2. ☐ No
▲1.☐ Wood siding 2.☐ Wood shingle 3.☐ Asb. shingle 4.☐ Fiber board 5.☐ Brick or stone 6.☐ Stuc. or c.blk. 7.☐ Aluminum 8.☐ Asph. siding 9.☐
▲ ___ Stories 7.☐ Split Foyer 8.☐ Bi-Level 9.☐ Split Level
▲1.☐ Full Basement 2.___% Basement 3.☐ Slab on Gr. 4.☐ Crawl Space
▲ Living Units
▲ ___ Bedrooms ___ Liv. room ___ Din. room ___ Kitchen ▲ ___ No. rms.
▲ ___ Baths ▲ ___ ½ Baths
% Nonres.
☐ Store Rm ☐ Util. Rm.
▲1.☐ Garage 9.☐ Carport ▲ No cars
▲1.☐ Built-in 2.☐ Attached 3.☐ Detached
Mineral Rights Reserved ☐ No ☐ Yes *(Explain)*
Utilities: Public Comm. Individual
Water ▲1.☐ 2.☐ 3.☐
Gas ☐ ☐ ☐
Elect. ☐ ☐ ☐
▲1. ☐ Underground Wiring
Sanitary: Sept. tank Cess Pool
Sewer ▲1.☐ 2.☐ 3.☐ 4.☐
▲ Type of Heating
▲1.☐ Cent. Air Cond. 2.☐ Wall Air Cond.
Type of Paving (Str.) ☐ None
☐ Curb & Gutter ☐ Sidewalk ☐ Storm Sewer

EXTRA FEATURES ▲1.☐ Fireplace 2.☐ Rec. Room 4.☐ Sw. Pool ▲1.☐ Enclosed Porch 2.☐ Breezeway 4.☐ Fence
▲1.☐ Extra Fire Pl. 2.☐ Expand Attic 4.☐ Fin. Attic ▲1.☐ 2.☐ 4.☐

15. SPEC. ASSESS. Prepayable $____ Non-Prepay. $____
Int. ___% Ann. Pay. $____ Unpd. Bal. $____ Rem. Term ___ Yrs.

16. ▲ LOT ____ × ____ 1. ☐ Irr. 2. ☐ Acres ____ Sq. Ft.

17. GENERAL LOCATION:

18. ANN. R. EST. TAXES $

19. ANN. FIRE INS $

20. ▲ SALE PRICE $ $ Mo. Yr.

21. EQUIPMENT IN VALUE 1. ☐ Range or Counter cook unit & oven 2. ☐ Refrig. 4. ☐ Dishwasher
▲1. ☐ Auto. Washer 2. ☐ Dryer 4. ☐ ▲1. ☐ Garb. Disp. 2. ☐ Vent. fan 4. ☐ Carpet

22. ▲ LOC. CODE

23. BASIC CASE

24. SUB FILE NO.

25. REM. LIFE ☐ ECON. ☐ PHYS. YRS.

26. CONDITION AS APPRAISED ▲1. ○ Excellent 2. ○ Good 3. ○ Fair 4. ○ Poor

27. NEIGHBORHOOD DATA
Pres. Land Use______
Anticip. Land Use______
Owner Occp. Appeal______
Demand for Amenity Inc. Prop.______
___% Blt. up ___% own. ___% Ten. ___% Vac.
Age Typ. Bldg. ____ to ____
Typ. Mo. Rent $____ to $____
▲ Price Range $____ to $____

28. ▲ Location ☐ Acceptable ☐ Reject ☐ 223e
Property ☐ Acceptable ☐ Reject

29. IMPROVED ▲ LIVING AREA ____ Sq. Ft.

30. COST DATA: 2800-3 for ____ ☐ Integ.
2014-d ____ ☐ 2014
Cost @ $____ Per Sq. Ft. = $____

31. BLDG. DESC/VARS. − +
Fdns. 8" HCB Frpl. NONE
Ext. Wall WSI, ASB, WSH
Shtg. 1" a Wd
Sub. Fl. PLYW Fin. Fl. OAK
Rf. 235# Int. Wall D.W.
Plg. BASIC "AS IS VAL" 5200 (101-2)
Htg. GFWA Insul. B. EXP. of PUR. 75
INT. FIN. EXP. 140
REPAIRS 1800
TOTAL - 9215
OH & P (25% + 100% = 125%) 10268
BROKERS COMM (5%) 535
MOD. REPL. COST 10,803
Total Variations $

Net variations . . . . . . . . $
Basic cost . . . . . . . . $
Main Bldg. *(Subtotal)* . . . $
Gar./Carport . . . . . . . . $
Porches/Terraces . . . . . $
Walks/Drives . . . . . . . . $
Ldsp./Pltg./Fin. Gr. . . . . $
Other on-site imp. . . . . . $
On-site imp. unadj. *(Total)* $
2511 Comb. ___% × wkmp. ___% = ___%
On-site imp. adj. . . . . . . $
Appliances . . . . . . . $
Water/sewer tap charges . . $
EST. REPL. COST IMP. . $

32. REPL. COST Review
▲ Repl. cost imp. $
▲ Mkt. Price Eq. site $
Misc. Allow Costs $
Mktg. Expense . . $
▲ Repl. Cost . . . . $10803.

33. COST OF REPAIRS IMPROVEMENT Prop. $ Req. $1805.

| 34. COMPARABLE PROPERTIES | Sq. Ft. Imp. Area | Stories | Rms. | Bed Rms. | Bath | Const. | Gar. | Yr. / cond. | Price | Date | $ / L | Date Inspec. | +/− | Variations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SUBJECT PROPERTY | | | | | | | | | | | | | | |
| (1) | | | | | | | | | | | | | | |
| (2) | | | | | | | | | | | | | | |
| (3) | | | | | | | | | | | | | | |

35. CAP. INCOME: Mon. Rent $ − Excess exp. $ = $ × Rent multiplier of = CAP. INCOME $

36. APPRAISAL SUMMARY: Capitalized Income $____ Cost $10,808. Market ▲ $____
VALUE *(Excl. Cl. Costs)* $____ Closing Costs $____ Total ▲ $____

37. LEASE: ANN. GRD. RENT $ CAP. AT % = ▲ $ Val. of Leased Fee. Val. of Leasehold Est. $

38. (1) Remarks (2) Spec. Cond. (3) Rej. Reasons (4) Neigh. Charac. (5) Land excl. From Val. (6) Items Excl. From Repl. Cost.

39. INSPECTIONS: ☐ Repair
☐ Proposed Construction
☐ Mortgagee's Certificate
☐ Appr. Arch. Proc. Date
☐ Reject
Review
☐ Commit. Staff Val. ☐ Other
☐ Reject
Review Date

WARNING: All persons by signing this report certify that they have no interest present or future, in the property, application or mortgage.

FHA FORM NO. 2800-3 Rev. 1/70 NOTE TO PROCESSOR: LIFT CARBON BEFORE COMPLETION OF ITEMS 24 THRU 39. FHA COPY-FILE IN CASE BINDER

APPENDIX G

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

# CIRCULAR

HPMC-FHA 4035.9

December 31, 1970

**SUBJECT:** IDENTIFICATION OF AREAS INELIGIBLE FOR FHA MORTGAGE INSURANCE

PURPOSE: To provide guidelines and procedures to be followed in implementing criteria for identification of areas ineligible for FHA Mortgage Insurance. Recent surveys indicate that some field offices are accepting properties for mortgage insurance under Section 223(e) regardless of the degree of blight or deterioration in an area. Section 223(e) is not intended as a complete abandonment of location eligibility criteria. An area must be capable of continued existence and be reasonably viable to be acceptable. (See FHA Circular 4400.26.)

INELIGIBLE AREAS: When an appraiser receives an application for an appraisal and it develops that the property is located in an area that has deterioration or blight to the extent that rejection is proper, the application should be rejected and brought to the attention of the Chief Appraiser. In rejecting the application, the office shall specify the adverse conditions in the location that render the property ineligible. The Chief Appraiser will inspect the location and prepare documentation including a description of the extent of the deterioration and photos of the area involved. Care must be exercised to limit rejection only to the actual blocks which are affected and in which it is obvious that FHA Insurance would be a disservice to purchasers in encouraging them to enter areas which have no hope for improvement in the foreseeable future.

The documented file for each area must be approved by and contain the concurrence of the Assistant Director, Single Family Mortgage Insurance and the Area Office Director or the Director and Chief Underwriter of the Insuring Office.

The Valuation Clerk performing the initial review function should review the completed reject folder and set up an appropriate card file or maps for future reference, logging of cases, etc. The original copy of the completed reject folder is to be retained in the Valuation Section Data File.

If a proposal is made to institute a program of rehabilitation of sufficient properties in the area to reverse its preponderately deteriorated character, the eligibility of the location should be reinstated.

REVISION OF PREVIOUS INSTRUCTIONS: Prior instructions in Commissioner Letter 63, July 31, 1967, and related issuances prohibiting the arbitrary designation of entire communities and neighborhoods as ineligible for FHA mortgage insurance remain in full force and effect. The intent of this Circular is to eliminate only those specific locations on a block or street basis which are so deteriorated or devastated as to present a serious hazard to prospective occupants. This Circular specifically does not permit any arbitrary delineation of reject areas. Commissioner Letter 63 is amended to the extent that maps pinpointing specific reject locations are permitted subject to the file documentation recited above, and the paragraph requiring tabulation of "acceptable risk" commitments is rescinded.

## QUESTIONS SUBMITTED TO HUD BY THE COMMISSION ON CIVIL RIGHTS

### Department of Housing and Urban Development (HUD)

### 1. Allocation of Budget Funds

Congress has appropriated $8,250,000 for HUD's equal opportunity program for Fiscal Year 1972. This represents a substantial increase over the $6.4 million actually available for equal opportunity expenditures in Fiscal Year 1971.

Please indicate the amount of money and the number of positions allocated for:

(1) Investigation of complaints under Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and Executive Order 11063.

(2) On-site reviews to determine general compliance with Title VI, Title VIII and E.O. 11063.

(3). Review of equal opportunity requirements in HUD programs covered by Title VI.

(4) Review of policies and procedures in HUD programs pursuant to Section 808(e)(5) of Title VIII.

(5) Review of applicant proposals for assistance under HUD programs to determine compliance with equal opportunity requirements, policies and procedures.

(6) Cooperation with other Federal agencies in the formulation of equal housing opportunity policies pursuant to Sections 808(d) and 808(e) of Title VIII.

(7) Studies regarding the nature and extent of discriminatory housing practices in representative communities.

(8) Publications resulting from studies of discriminatory housing practices.

(9) Technical assistance to State, local, and other public or private fair housing organizations.

(10) Analysis of racial and ethnic data collected regarding participation in HUD-sponsored programs and remedial action resulting from such analyses.

(11) Internal equal employment responsibilities.

(12) Equal employment contract compliance responsibilities.

(13) Promotion of business opportunities for minority contractors.

(14) Conferences to bring together various public and private groups engaged in combating discriminatory housing practices.

2. Complaints under Title VIII

Your letter of April 28, 1971, to the Commission indicated that HUD received a total of 1,025 Title VIII complaints in calendar year 1970. Conciliation was completed successfully in fewer than 10 percent of the cases.

a. How do you account for the comparatively small percentage of successful conciliations?

b. What was the average length of time between the initial receipt of a complaint and completion of the conciliation process?

c. How many of the respondents in Title VIII complaint cases were participating in HUD programs such as the FHA acquired property program or the Section 235 program? In how many of these cases was participation in HUD programs deferred pending completion of the conciliation process?

d. Were any respondents in the Title VIII cases conciliated unsuccessfully also participating in HUD programs? If so, how many? How many of these respondents have been debarred from further participation in HUD programs?

3. In your April 28 letter, you indicated that standards to determine the adequacy of performance of State and local fair housing enforcement agencies were being drafted.

Have these standards been completed and adopted? If so, please furnish us a copy. Have any State and local agencies been evaluated by these standards and found to be ineligible for Title VIII complaint referrals? If so, which ones? If the standards have not been completed, when do you anticipate completion and adoption of these standards?

4. In your April 28 letter, you indicated that detailed complaint procedures for processing Title VI complaints might be issued in the near future. Have these new procedures been issued? If so, please furnish us a copy. If not, when will they be issued?

5. Affirmative Action in HUD Programs

In his June 11, 1971 Statement on Federal Policies Relative to Equal Housing Opportunity, the President announced a policy of achieving equal housing opportunity through enforcement of appropriate laws and through affirmative action in HUD programs.

a. The President stated that a HUD certified workable program for community improvement must provide for low- and moderate-income housing "available on a nondiscriminatory basis."

(1) Before a workable program is certified, what criteria does HUD use to determine that the community in question is providing low- and moderate-income housing on a nondiscriminatory basis?

(2) Is a review made of the community's present racial and ethnic residential patterns?

(3) Is the community required to outline steps it will take to assure the provision of housing on a nondiscriminatory basis within its jurisdiction?

(4) Please furnish us a copy of the specific equal opportunity requirements included in the Workable Program Handbook.

b. The President stated that a statutory requirement of "fair housing" also applied to comprehensive planning supported by a Federal grant under the 1954 Housing Act, as amended in 1968.

(1) Before an application for a Section 701 Comprehensive Planning Grant is approved, what criteria does HUD use

to determine that the community in question has housing available on a nondiscriminatory basis?

(2) Is a review made of the community's present racial and ethnic residential patterns?

(3) Is the community required to outline steps it will take to assure the provision of housing on a nondiscriminatory basis within its jurisdiction?

(4) Please furnish us a copy of the specific Section 701 planning requirements with regard to the planning for provision of housing on a nondiscriminatory basis.

c. The President said that the statutory requirement of "fair housing" applies in the area of private housing construction and he specifically mentioned the assistance HUD gives the private sector through the provision of market analyses.

(1) When HUD issues a market analysis, does this analysis include a review of racial and ethnic residential patterns and trends in the surveyed community? If not, why not?

(2) Does the analysis include the need for housing in the market area as related to the need to open up new housing opportunities for minority families? If not, why not?

6. The President stated that a chief component of the Administration's fair housing program would be "the development of appropriate equal housing opportunity criteria for participation in programs affecting housing." The Commission is familiar with the equal housing criteria HUD has adopted for the water and sewer program. Has HUD yet adopted equal housing criteria for the remaining HUD community development programs? If not, when will this be accomplished? If so, please furnish us copies.

7. The President said that a chief component of the Administration's program to eliminate racial discrimination in the sale or rental of housing would be the development of policies relating to housing marketing practices. In this connection, the President also emphasized that this program must be aimed at correcting the effects of past discrimination, as well as to insure against future discrimination, and it must be results-oriented. In this connection, we have the following questions concerning HUD's proposed affirmative marketing guidelines:

   a. In view of the President's emphasis on the need to overcome the effects of past discrimination, on what basis has HUD limited application of the proposed Guidelines to subdivisions or projects " hereafter developed" under FHA programs, while excluding from coverage existing FHA-assisted housing?

b. In view of the President's emphasis on a "results-oriented" program of equal housing opportunity, is HUD prepared to amend the proposed Guidelines to include provision of goals and timetables for minority occupancy, analogous to the approach currently being used in the contract compliance area? If not, please explain.

8. In your April 28 letter, you indicated that the gathering of racial data will serve as a Title VI compliance report for FHA programs subject to Title VI.

a. What does HUD's analysis of the data thus far collected show regarding minority participation in the following FHA programs: Rent Supplements, Section 235, and Section 236? We would appreciate your providing this information along the following lines:

(1) Number of units occupied by minorities (black, Spanish surnamed, Oriental, and American Indian) in relation to the total number of units provided under each program.

(2) Racial or ethnic composition of each project or subdivision provided under each of the above programs.

b. Does HUD intend to use racial data that reveals segregated housing patterns as a basis for continuing on-site compliance reviews? If not, please explain how the gathering of racial data will serve as a compliance mechanism.

c. Is HUD prepared to make the racial data available to interested individuals and organizations? If so, when will this policy be instituted? If not, please explain.

9. In your April 28 letter, you indicated that new tenant selection criteria would soon be issued. Is HUD planning to issue criteria other than the proposed Affirmative Marketing Guidelines aimed at assuring nondiscriminatory tenant selection? If so, when will these criteria be issued?

10. It is our understanding that the questionnaires to determine the extent of the discrimination problem in mortgage lending have now been returned.

a. How many questionnaires were mailed to lending institutions and how many were returned?

b. Have the results of the questionnaires been tabulated and analyzed to determine mortgage lending patterns? If not, when will a preliminary analysis be available?

c. Will the results of the questionnaire be released publicly? If so, when do you anticipate this release? If not, why not?

d. Once the results of the questionnaire have been analyzed, what do you propose as the next step in establishing equal housing opportunity procedures for mortgage lending institutions?

11. On June 14, you released a Memorandum of Understanding between HUD and GSA. According to this Memorandum, HUD will investigate the availability of low- and moderate-income housing on a nondiscriminatory basis with respect to proposed locations for a federally-constructed building or leased space.

a. Have internal operating procedures for implementing this policy been issued? If so, please furnish us a copy. If not, when will they be issued?

b. Will this investigation include an analysis of the present racial and ethnic residential patterns in the area?

c. Will this investigation include "testing" of housing in the area to determine actual availability on a nondiscriminatory basis?

d. Please describe the exact form such investigations will take and list all such investigations already completed.

12. The HUD/GSA Memorandum of Understanding states that if HUD determines that low- and moderate-income housing is not available on a nondiscriminatory basis, and GSA has no adequate alternative site, then GSA and HUD will develop an affirmative action plan. Have GSA and HUD yet had occasion to develop such an affirmative action plan? If so, please furnish us details.

September 28, 1971

## The Use of FHA Home Mortgage Programs by Minority Groups

July 1971

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 6,802 | 75.8 | 1,501 | 80.5 | 5,301 | 74.5 |
| Negro/Black | 1,456 | 16.2 | 105 | 5.6 | 1,351 | 19.0 |
| American Indian | 17 | .2 | 1 | .1 | 16 | .2 |
| Oriental | 41 | .5 | 16 | .9 | 25 | .4 |
| Spanish American | 542 | 6.0 | 183 | 9.8 | 359 | 5.0 |
| Other | 119 | 1.3 | 59 | 3.1 | 60 | .9 |
| Total | 8,977 | 100.0 | 1,865 | 100.0 | 7,112 | 100.0 |

### Section 203(b)

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 4,639 | 85.7 | 1,219 | 83.7 | 3,420 | 86.5 |
| Negro/Black | 411 | 7.6 | 51 | 3.5 | 360 | 9.1 |
| American Indian | 11 | .2 | 1 | .1 | 10 | .3 |
| Oriental | 31 | .6 | 16 | 1.1 | 15 | .4 |
| Spanish American | 268 | 5.0 | 145 | 10.0 | 123 | 3.1 |
| Other | 53 | .9 | 25 | 1.6 | 28 | .6 |
| Total | 5,413 | 100.0 | 1,457 | 100.0 | 3,956 | 100.0 |

### Section 221

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 1,905 | 64.2 | 161 | 70.0 | 1,744 | 63.7 |
| Negro/Black | 769 | 25.9 | 17 | 7.4 | 752 | 27.5 |
| American Indian | 5 | .2 | 0 | -- | 5 | .2 |
| Oriental | 9 | .3 | 0 | -- | 9 | .3 |
| Spanish American | 218 | 7.3 | 19 | 8.3 | 199 | 7.3 |
| Other | 61 | 2.1 | 33 | 14.3 | 28 | 1.0 |
| Total | 2,967 | 100.0 | 230 | 100.0 | 2,737 | 100.0 |

### Section 235

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 123 | 68.7 | 119 | 70.0 | 4 | 44.4 |
| Negro/Black | 36 | 20.1 | 32 | 18.8 | 4 | 44.4 |
| American Indian | 0 | -- | 0 | -- | 0 | -- |
| Oriental | 0 | -- | 0 | -- | 0 | -- |
| Spanish American | 19 | 10.6 | 18 | 10.6 | 1 | 11.1 |
| Other | 1 | .6 | 1 | .6 | 0 | -- |
| Total | 179 | 100.0 | 170 | 100.0 | 9 | 100.0 1/ |

### Section 203(b) pursuant to 223(e)

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 102 | 45.7 | 0 | -- | 102 | 46.6 |
| Negro/Black | 97 | 43.5 | 3 | 75.0 | 94 | 42.9 |
| American Indian | 1 | .4 | 0 | -- | 1 | .5 |
| Oriental | 0 | -- | 0 | -- | 0 | -- |
| Spanish American | 21 | 9.4 | 1 | 25.0 | 20 | 9.1 |
| Other | 2 | 1.0 | 0 | -- | 2 | .9 |
| Total | 223 | 100.0 | 4 | 100.0 | 219 | 100.0 |

### Section 221 pursuant to 223(e)

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 33 | 17.1 | 2 | 66.7 | 31 | 16.3 |
| Negro/Black | 141 | 73.1 | 1 | 33.3 | 140 | 73.7 |
| American Indian | 0 | -- | 0 | -- | 0 | -- |
| Oriental | 1 | .5 | 0 | -- | 1 | .5 |
| Spanish American | 16 | 8.3 | 0 | -- | 16 | 8.4 |
| Other | 2 | 1.0 | 0 | -- | 2 | 1.1 |
| Total | 193 | 100.0 | 3 | 100.0 | 190 | 100.0 |

### Section 235 pursuant to 223(e)

| | Total Construction | | New Construction | | Existing Construction | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| White | 0 | -- | 0 | -- | 0 | -- |
| Negro/Black | 2 | 100.0 | 1 | 100.0 | 1 | 100.0 |
| American Indian | 0 | -- | 0 | -- | 0 | -- |
| Oriental | 0 | -- | 0 | -- | 0 | -- |
| Spanish American | 0 | -- | 0 | -- | 0 | -- |
| Other | 0 | -- | 0 | -- | 0 | -- |
| Total | 2 | 100.0 | 1 | 100.0 | 1 | 100.0 |

1/ Due to rounding total does not equal 100.0.

OCCUPANCY IN 236 PROJECTS

| Region | Projects reported | | | | | | | | | | | | | | Projects not reported 2/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of projects | Units avail-able | Units occupied | | | | | | | | | | | | |
| | | | Total | By minority group | | | | | | By elderly | Units subsidized | | | | |
| | | | | White | Black | Indian | Spanish American | Oriental | Other | | Total | Rent supp. & 236 | 236 only | 23c only | |
| I (Boston) | 16 | 1,727 | 1,612/1 | 595 | 58 | 4 | 8 | 3 | 0 | 54 | 1,282 | 213 | 1,069 | 0 | 5 |
| II (New York) | 23 | 2,997 | 2,251 | 413 | 1,329 | 1 | 501 | 1 | 6 | 244 | 2,132 | 162 | 1,960 | 10 | 4 |
| III (Philadelphia) | 30 | 3,166 | 2,564 | 1,025 | 1,504 | 0 | 19 | 13 | 3 | 375 | 1,193 | 231 | 958 | 4 | 10 |
| IV (Atlanta) | 61 | 5,820 | 5,061 | 3,670 | 1,323 | 4 | 39 | 3 | 22 | 805 | 4,257 | 485 | 3,770 | 2 | 6 |
| V (Chicago) | 63 | 6,475 | 5,261/1 | 3,959 | 894 | 4 | 49 | 9 | 7 | 952 | 4,054 | 737 | 3,287 | 30 | 15 |
| VI (Fort Worth) | 26 | 3,407 | 2,544 | 1,812 | 545 | 43 | 132 | 9 | 3 | 289 | 1,749 | 317 | 1,432 | 0 | 17 |
| VII (Kansas City) | 38 | 3,208 | 2,391 | 1,875 | 460 | 6 | 34 | 9 | 7 | 365 | 1,907 | 361 | 1,546 | 0 | 1 |
| VIII (Denver) | 18 | 1,200 | 1,089 | 921 | 54 | 8 | 97 | 7 | 2 | 109 | 957 | 76 | 881 | 0 | 0 |
| IX (San Francisco) | 88 | 9,483 | 8,784 | 5,596 | 1,494 | 35 | 1,245 | 322 | 92 | 1,326 | 7,770 | 429 | 7,310 | 31 | 0 |
| X (Seattle) | 26 | 2,195 | 1,757 | 1,543 | 175 | 8 | 14 | 10 | 7 | 556 | 1,339 | 219 | 1,118 | 2 | 10 |
| TOTAL | 389 | 39,178 | 33,314 | 21,409 | 7,836 | 113 | 2,138 | 386 | 149 | 5,075 | 26,640 | 3,230 | 23,331 | 79 | 68 |

1/ Minority group data not reported for 944 units in Boston Region and 339 units in Chicago Region. The percent distributions for minorities exclude these units.
2/ Projects with units occupied, for which data were not reported.

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OCCUPANCY IN 236 PROJECTS

| Region | Percent distribution of units occupied, by minority group | | | | | | | Percent of total units occupied | | Percent distribution of units subsidized | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | White | Black | Indian | Spanish American | Oriental | Other | By elderly | By subsidized | Total | Rent supp. and 236 | 236 only | Section 23c |
| I (Boston) | 100.0 | 89.1 | 8.7 | 0.6 | 1.2 | 0.4 | - | 3.3 | 79.5 | 100.0 | 16.6 | 83.4 | - |
| II (New York) | 100.0 | 18.3 | 59.0 | * | 22.3 | * | 0.3 | 10.8 | 94.7 | 100.0 | 7.6 | 91.9 | 0.5 |
| III (Philadelphia) | 100.0 | 40.0 | 58.7 | - | 0.7 | 0.5 | 0.1 | 14.6 | 46.5 | 100.0 | 19.4 | 80.3 | 0.1 |
| IV (Atlanta) | 100.0 | 72.5 | 26.1 | 0.1 | 0.8 | 0.1 | 0.4 | 15.9 | 84.1 | 100.0 | 11.4 | 88.6 | * |
| V (Chicago) | 100.0 | 80.4 | 18.2 | 0.1 | 1.0 | 0.2 | 0.1 | 18.1 | 77.1 | 100.0 | 18.2 | 81.1 | 0.7 |
| VI (Fort Worth) | 100.0 | 71.2 | 21.4 | 1.7 | 5.2 | 0.4 | 0.1 | 11.4 | 68.8 | 100.0 | 18.1 | 81.9 | - |
| VII (Kansas City) | 100.0 | 78.4 | 19.2 | 0.3 | 1.4 | 0.4 | 0.3 | 15.3 | 79.8 | 100.0 | 18.9 | 81.1 | - |
| VIII (Denver) | 100.0 | 84.6 | 5.0 | 0.7 | 8.9 | 0.6 | 0.2 | 10.0 | 87.9 | 100.0 | 7.9 | 92.1 | - |
| IX (San Francisco) | 100.0 | 63.7 | 17.0 | 0.4 | 14.2 | 3.7 | 1.0 | 15.1 | 88.5 | 100.0 | 5.5 | 94.1 | 0.4 |
| X (Seattle) | 100.0 | 87.8 | 10.0 | 0.5 | 0.8 | 0.6 | 0.4 | 31.6 | 76.2 | 100.0 | 16.4 | 83.5 | 0.1 |
| TOTAL | 100.0 | 66.8 | 24.5 | 0.4 | 6.7 | 1.2 | 0.5 | 15.2 | 80.1 | 100.0 | 12.1 | 87.6 | 0.3 |

* Less than 0.05 percent. Due to rounding, distribution percentages do not always add to 100.0.

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Statistics Branch
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Racial Integration Pattern in Section 236 Projects

| Region | Total projects reported | All white | Less than 15% black | 15% - 49% black | 50% - 84% black | More than 85% black | All black | All Spanish American | No black, other minorities | Minority group data not reported |
|---|---|---|---|---|---|---|---|---|---|---|
| I (Boston) | 16 | 1 | 7 | 2 | 0 | 0 | 2 | 0 | 0 | 4 |
| II (New York) | 23 | 0 | 2 | 3 | 4 | 7 | 5 | 2 | 0 | 0 |
| III (Philadelphia) | 30 | 3 | 4 | 3 | 3 | 9 | 8 | 0 | 0 | 0 |
| IV (Atlanta) | 61 | 13 | 20 | 6 | 3 | 5 | 11 | 0 | 3 | 0 |
| V (Chicago) | 63 | 15 | 24 | 10 | 1 | 3 | 1 | 0 | 3 | 4 |
| VI (Fort Worth) | 26 | 3 | 12 | 0 | 4 | 0 | 4 | 0 | 3 | 0 |
| VII (Kansas City) | 38 | 12 | 18 | 5 | 2 | 0 | 1 | 0 | 0 | 0 |
| VIII (Denver) | 18 | 3 | 10 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |
| IX (San Francisco) | 88 | 16 | 39 | 13 | 7 | 3 | 6 | 0 | 4 | 0 |
| X (Seattle) | 26 | 14 | 6 | 0 | 2 | 0 | 0 | 0 | 3 | 0 |
| TOTAL | 389 | 80 | 142 | 42 | 26 | 27 | 38 | 2 | 21 | 8 |

Housing Management
Program Statistics Division
Statistics Branch

## HUD ANSWERS QUESTIONS FROM THE COMMISSION ON CIVIL RIGHTS

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

October 21, 1971

Honorable Theodore M. Hesburgh
Chairman, U. S. Commission
On Civil Rights
Washington, D. C. 20425

Dear Mr. Chairman:

We are pleased to enclose answers to the questions submitted to this Department by the Commission On Civil Rights.

Please advise us if you have any need for additional information.

Sincerely,

George Romney

Enclosure

## DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
## RESPONSE TO QUESTIONS OF THE U. S.
## COMMISSION ON CIVIL RIGHTS

1. The Equal Opportunity appropriation is available both for staffing and program. While we have not yet determined how reductions in overall Departmental staffing made necessary by the President's anti-inflation efforts will be allocated among the different organizational units within the Department, our tentative projected staffing for Fiscal Year 1972 is as follows:

| | |
|---|---|
| Central Office: | |
| Immediate Office of Assistant Secretary for Equal Opportunity | 12 |
| Office of Housing Opportunity | 22 |
| Office of Assisted Programs | 22 |
| Office of Contract Compliance and Employment Opportunity | 17 |
| Office of Program Planning and Evaluation | 6 |
| Administrative Office | 8 |
| Education and Training Office | 9 |
| Departmental Equal Employment Opportunity Office | 4 |
| Subtotal - Central Office | 100 |
| Field Offices: | |
| Region: Assistant Regional Administrator | 26 |
| Housing Opportunity - Title VIII | 42 |
| Assisted Programs - Title VI | 37 |
| Economic Opportunity (Section 3 and Contract Compliance) | 83 |
| Subtotal - Regional Offices | 188 |
| Area Offices: | 107 |
| TOTAL POSITIONS | 395 |

Expenditures are estimated at approximately $18,000 per position or a total of roughly $7.1 million. The balance of the appropriation, $1.1 million, is available for program expenses including publications, audiovisuals, conferences, and special contracts. In addition, it should be noted that approximately $1.5 million of the funds appropriated for the Assistant Secretary for Research and Technology will be available for Equal Opportunity research and demonstrations.

It is not possible to give precise numbers of positions allocated for the 14 functions referred to in question 1. We can, however, indicate where the function is performed and by whom, which should provide a fairly close estimate. (For budget purposes, staff time of the Office of the Assistant Secretary, Assistant Regional Administrators, and offices such as Education and Training, would have to be allocated among the various functions listed).

(1) Investigation of complaints under Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and Executive Order 11063.

Regional Office - Housing Opportunity and Assisted Programs.

(2) On-site reviews to determine general compliance with Title VI, Title VIII, and Executive Order 11063.

Regional Office - Housing Opportunity and Assisted Programs.

(3) Review of equal opportunity requirements in HUD programs covered by Title VI.

Central Office - Assisted Programs.

(4) Review of policies and procedures in HUD programs pursuant to Section 808(e)(5) of Title VIII.

Central Office - Assisted Programs.

(5) Review of applicant proposals for assistance under HUD programs to determine compliance with equal opportunity requirements, policies and procedures.

Area Office.

(6) Cooperation with other Federal agencies in the formulation of equal housing opportunity policies pursuant to Sections 808(d) and 808(e) of Title VIII.

Central Office - Housing Opportunity and Assisted Programs.

(7) Studies regarding the nature and extent of discriminatory housing practices in representative communities.

Central Office - Housing Opportunity and Program Planning and Evaluation.

(8) Publications resulting from studies of discriminatory housing practices.

Central Office - Education and Training Office.

(9) Technical assistance to state, local, and other public or private fair housing organizations.

Regional Office - Housing Opportunity,
Area Office.

(10) Analysis of racial and ethnic data collected regarding participation in HUD-sponsored programs and remedial action resulting from such analyses.

Central Office - Program Planning and Evaluation, Housing Opportunity, Assisted Programs (National Trends).
Regional Office - Housing Opportunity and Assisted Programs (Compliance).
Area Office (technical assistance to persons with affirmative marketing responsibilities and background for reviewing proposals).

(11) Internal equal employment responsibilities.

Central Office. (Regional and area offices provide assistance to personnel officers and Area Directors or Regional Administrators in developing affirmative action plans).

(12) Equal employment contract compliance responsibilities.

Regional Office - Economic Opportunity (Compliance Reviews).
Area Office (review of affirmative action plans and preconstruction conferences).

(13) Promotion of business opportunities for minority contractors.

Central Office - Contract Compliance and Employment Opportunity.

Regional Office - six of ten regions have a business and manpower development officer.

Area Office - technical assistance to HUD funded agencies and minority contractors.

(14) Conferences to bring together various public and private groups engaged in combating discriminatory housing practices.

All offices may be involved in planning and participating in such conferences.

2. a. Comparing the number of successful conciliations with the total number of complaints received is not a proper comparison. An appropriate relationship would be the number of successful conciliations compared to the number of conciliations completed. In calendar year 1970 there were 153 complaints dismissed without investigations, 89 for lack of jurisdiction. These cases obviously should not be included in the universe used for comparative purposes. Again, there were 759 investigations completed in 1970 and as a result of these investigations there was a decision not to resolve in 373 cases.

These 373 cases should also not be considered in the universe. Of the 386 cases in which a determination was made to resolve, conciliation was completed in 169 cases of which 89 were successful. These successful conciliations run approximately 53% of total cases in which conciliation is completed.

The critical statistic relating to conciliations is the total number of cases in the process of conciliation at the end of 1970, i.e., 204. Also, there were 27 cases awaiting conciliation. This back-up of conciliation cases indicates the pressing need for adequate staff at the regional level to handle investigations and conciliations. With a staff of 42 nationwide handling Title VIII cases, it is impossible to initiate the conciliatory process immediately on the completion of a Title VIII investigation. Accordingly, a longer time span between investigation and conciliation decreases the chance of a successful conciliation.

b. We do not have statistics readily available relating to calendar year 1970. However, a study recently completed of the 103 cases in Fiscal Year 1971 in which a formal signed conciliation agreement was obtained showed the average time elapsed from the date the complaint was officially filed with HUD to the date where the agreement was signed by all parties was 5 3/5 months.

We are taking two principal steps to shorten the processing time for Title VIII cases. First, we are developing procedures to be applicable to the largest percentage of our case intake - i.e., rental cases - for expedited processing in those cases where respondents do not own or manage substantial numbers of rental housing units. These procedures are designed to reduce average processing time and increase the number of cases in which the unit sought is made available to the Complainant. These procedures are linked to accelerating training and technical assistance to Title VIII field staff. The annual meeting of the 10 Title VIII directors was held in Washington in late June, 1971. Central office staff visits to field offices have accelerated both for formal training (Boston, Kansas City, New York, San Francisco, Seattle, Atlanta, Fort Worth in the last six months) and to all regional offices on an "as needed" basis to continuously improve processing times and techniques.

We have also developed an invaluable training-information tool in the form of an Equal Opportunity in Housing Reporter. This was developed by Prentice-Hall Publishers under contract with this Department. It will provide prompt reporting of important Federal and State court decisions in the area of fair housing, administrative interpretations by this Department, the Department of Justice and State agencies, and a variety of other useful information. It is being made available to HUD Central Office, Area and Title VIII field staff, all U.S. Attorneys, Department of Justice, State Attorneys, city attorneys, Commission on Civil Rights, State fair housing agencies and others involved in the area of equal housing opportunity.

c. This information is not readily available. Paragraph 7 of the Title VIII Field Operations Handbook does require that a check be made to determine whether Federal financial assistance is involved. However, this information is not collected through our reporting system.

d. This information is not readily available. We are not, however, aware of any debarment during calendar 1970 involving Title VIII or Executive Order 11063.

3. Draft proposed standards have been developed and will be published for comment in the Federal Register by November 15. In the interim we are continuing our close relationship with State agencies administering fair housing laws. A joint training conference was held with the Michigan Civil Rights Commission in September. A similar conference (tentatively scheduled for November) is being planned with the New Jersey Division on Civil Rights.

4. On September 1, 1971, HUD issued Circular 8000. 2 which sets forth instructions for processing Title VI complaints and conducting compliance reviews (copy enclosed). A Title VI Handbook has also been approved, and a copy is enclosed.

5. a. (1) As the President said in his June 11, 1971 Policy Statement On Equal Housing Opportunity:

> "Where the 'workable program' requirement -- imposed on local communities by the Housing Act of 1949, as amended in 1954, in connection with urban renewal and related programs -- is a condition of eligibility, HUD may not make a grant in the absence of a HUD-certified workable program for community improvement. The program must make reasonable provision for low- and moderate-income housing, which must of course be available on a non-discriminatory basis."

The workable program must concentrate on four essential areas, one of which is the development of programs to meet low- and moderate-income housing needs and to meet relocation needs of those displaced by governmental action. It calls for progress in the development of a program to expand the supply of housing for low- and moderate-income families on the basis of equal opportunity.

Before a workable program is certified, HUD staff reviews the actions being taken by the community to provide low- and moderate-income housing in a broad choice of neighborhoods throughout the locality. Suggested actions include utilization of the variety of available subsidized housing programs in areas outside of racial, ethnic or low income concentrations, and affirmative assistance to Section 235 and 236 developers in finding sites outside such areas. In evaluating the local effort, the reviewer is to determine the sufficiency of the actions in terms of progress over time and effectiveness for overcoming particular obstacles to equal housing opportunity in the locality.

(2) A community is expected to initiate a study of the local housing market in order to identify and analyze the gap between the number of low and moderate income families presently living in substandard housing and the number of standard units existing at prices or rentals such families can afford to buy.

The reviewer is asked to note such things as the extent to which low and moderate income housing exists in the locality, the location and racial occupancy of existing and proposed subsidized housing projects, outstanding equal opportunity complaints made to HUD from the locality, and newspaper accounts of racial relations in the locality.

(3) Yes, an applicant community must be engaged in substantial efforts to eliminate discriminatory barriers in the total housing supply and make housing in a broad choice of neighborhoods freely and fully available to minority citizens. The community is requested to outline those steps it is now taking and those it will take to assure the provision of equal opportunity in housing. With that information, and with this knowledge of the locality, the HUD reviewer is to determine the sufficiency and effectiveness of the local effort to provide low and moderate income housing in a broad choice of neighborhoods throughout the locality, to make available new and existing housing on an open occupancy basis, and to develop solutions to the problem of adequate housing opportunities for minority persons through the planning and programming process.

(4) A copy of the current HUD handbook governing the WORKABLE PROGRAM FOR COMMUNITY IMPROVEMENT, with the pertinent requirements marked, is enclosed.

5. b. (1) As the President said in his June 11, 1971, Policy Statement On Equal Housing Opportunity:

> "Where comprehensive planning is supported by a Federal grant under the 1954 Housing Act, as amended in 1968, the plan must include a 'housing element' to insure that 'the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth.' This provision has broad application, since such planning grants are often used to prepare the areawide plans which are a prerequisite for Federal financial assistance under the water and sewer, open space, and new communities programs."

A Section 701 Comprehensive Planning Grant is not approved by HUD unless it includes a housing element which embodies strategies and actions for improving the adequacy and supply of housing and related services on a non-discriminatory basis.

Applicants must prepare a housing work program which, among other things, addresses itself to the four basic housing goals set forth in SECTION 3. HOUSING WORK PROGRAM (4-8. Housing Goals) of THE COMPREHENSIVE PLANNING ASSISTANCE HANDBOOK I. (See copy of the specific planning requirements enclosed in response to question 5. b. (4).

(2) Yes. Neither preparation of a housing work program nor adequate HUD reviews of such programs could be made without a review of present racial and ethnic patterns. The several requirements concerning the housing element impose on applicants the burden to show that their program is addressed to patterns of discrimination in existing housing and to eliminating the effects of past discrimination.

(3) Yes. An assisted community is required to outline steps it will take to assure the provision of housing on a nondiscriminatory basis. The application consists of a 3-year Overall Program Design, specific work programs (including a housing work program) for the coming year, and self-evaluation and reporting of progress of previous planning--all of which are subject to HUD evaluation.

5. c. (1) No. We anticipate that increased published data on the 1970 Census will be utilized in market analyses. In addition, HUD has contracted with Census Data Corporation for advance data from the 1970 Census. We expect to have in late October or early November data relating to each Standard Metropolitan Statistical Area (SMSA) as follows:

(a) For each Census tract the total population; black, white, and "other" population; and the percent each group constitutes of the total tract population.

(b) Figures indicating the concentration of the black population by Census tract. That is, we will be able to identify the numbers and proportions of black population living in tracts having more than 90 percent black, 70 to 90 percent, 50 to 70 percent, down to less than 10 percent.

5.c. (2) No. Analyses done for specific programs, such as Operation Breakthrough, have related to such need and are of particular use in giving technical assistance to Breakthrough developers in developing affirmative marketing plans. As we gain experience with affirmative marketing practices we will be in a better position to establish methods for developing information on minority housing needs. This will be reflected in future market analyses.

6. Some equal housing opportunity criteria have existed for certain of the community development programs since 1968. In urban renewal programs, for example, residential reuse of project land has had to be on an open basis. This is implemented by contract provisions requiring affirmative covenants with respect to the use or occupancy of the land and buildings, and affirmative advertising of the redevelopment. In addition, the urban renewal program has required that, in reviewing the application for loan and grant, HUD take into account the locality's submission with respect to certain minority group considerations having to do with the effect of the proposed renewal activity on concentrations of minority groups. HUD is presently considering the consolidation of community development programs. Equal Opportunity is part of the steering committee devising a priority selection system which will retain and/or strengthen equal opportunity criteria, including equal housing.

7. a. The Department wishes to ascertain the impact of the affirmative marketing regulations on new projects before determining whether they might be applied to existing housing. In the meantime we are gathering data on the racial occupancy of all insured multifamily projects (See answer to question 8.a.) and studying legal questions associated with applying the regulations to existing housing.

We have also made compliance with equal opportunity guidelines and requirements one consideration in measuring "Ability to Perform" under the revised Project Selection Criteria. Thus, the owner or sponsor of an existing project who complies voluntarily will receive a better rating than one who does not.

b. The Affirmative Marketing regulations, as revised, require a sponsor to "carry out an affirmative program to attract buyers or tenants of all races." The racial data reported to Area Offices during the sales or rent up period will indicate whether the sponsor's program is, in fact, attracting such buyers or tenants. Technical assistance will be made available to those sponsors whose plans are not working. Sponsors who are not carrying out affirmative plans which they have submitted are subject to sanctions following investigation.

8.a. Our analysis of home mortgage programs for July 1971 is enclosed. You will note a total of 9,000 units total construction, representing approximately 12% of the total of 73,000 units insured in July. The reason for the sample is that the computer programming of this new data element is still being developed. By early 1972 we expect to have 100% tabulations and include them in the monthly FHA data reports.

We also enclose an analysis of data received to date concerning occupancy of 236 projects. It is not complete since reports are still being received. The rent supplement tabulation has not yet been prepared. When it is available, in the near future, we will furnish the Commission with a copy.

It is not possible for us to supply additional data regarding the composition of each project except as indicated in the 236 tables. We are working on a system which will develop similar information for the home mortgage programs on a nationwide basis. Such data are now available to those local offices which insure home mortgages and to the regional offices which conduct compliance activities.

b. Yes. As indicated, the multifamily occupancy reports and the home mortgage applications are available to regional personnel.

c. HUD is prepared to make racial data widely available. As indicated above, we expect to have a full report on the multifamily occupancy survey in the near future, and the home mortgage data will be added to regular FHA statistical reports by early 1972.

9. New tenant selection criteria with respect to low-rent housing have been prepared and are currently under review within the Department. It is expected that they will be published in the Federal Register for comment by November 1.

10.a. Approximately 18,500 questionnaires were mailed and 17,400 returned.

b. The questionnaires are currently being prepared for data processing prior to tabulation and analysis. It is expected that a preliminary analysis will be available by October 31.

c. A report based on the preliminary analysis will be released publicly as soon as it is available, which should be in November.

d. Naturally, the results of the questionnaire will influence what actions would be appropriate to be taken by the Federal financial regulatory agencies. We will work with them on a total affirmative action program.

11.a. Internal operating procedures are being drafted and will be issued by November 15.

b. See d., below.

c. See d., below.

d. The exact form of such investigations is being developed. It will include an analysis of the existing supply of low and moderate income housing and its racial and ethnic occupancy. Additional data required and the means of obtaining them will be spelled out in the operating procedures. No such investigations have been completed to date.

12. Development of such a plan has not yet proved necessary.

# Appendix 3

# ITEMS PERTINENT TO THE HEARING OF NOVEMBER 30, 1971

## Material Submitted by the Witness

### FROM WILLIAM L. TAYLOR

### BOK GOOI, HOK GOOI AND T'ANG JEN: OR, WHY THERE IS NO NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF CHINESE AMERICANS

By Tom Wolfe

In San Francisco this summer a thing happened that nobody in possession of his whole deck ever expected to see, least of all the police who had to cope with it. At a citywide public meeting here came a crowd of Chinese housewives, roaring mad, making fists, shadow-boxing with fate, shouting down the school bureaucrats at the microphone . . . They moved down the aisle . . . They charged . . . They stormed the stage . . . They were trying to climb up and get at these official vermin . . . The police were there, ready for trouble, but the poor devils froze. They couldn't have been more astounded . . . Absolute chaos . . . How inna namea Christ do you go about dragging a lot of little Chinese ladies down off a platform? One patrolman, about six feet two, decided to engage an otherwise distinguished-looking Chinese matron's head in a hammerlock from out of the Police Academy handbook riot supplement. It was an incredible composition to be looking at. I don't think he could believe it himself. His eyes look like the pilot light had gone out in his optic chiasma. Women screaming bloody murder—

A regular madhouse, of course. Over what? Over the full-scale integration of San Francisco schools that is starting this month. For years most Chinese children in San Francisco have gone to eleven public grade schools, three junior high schools, and one high school, most of them more than 90 per cent Chinese. Other people may have a hard time comprehending just how utterly undazzled Chinese families are by the impending enrichment, as the phrase goes, of their children's lives through rubbing shoulders with white children, or black or brown ones.

School integration has set off the first militant movement ever to sweep Chinatown. These women were the advance guard. One will note, however, that they were not demonstrating for civil rights, a bigger slice of the pie, the release of political prisoners, the uplift of the people, or for even a slightly new deal. Quite the opposite. All they were saying was: No favors, thank you, you lunatics. Include us out of your politics and your orgies of guilt. Drive yourself crazy. Chinatown's first big militant movement was striking a mighty blow for the status quo.

True, radicals have started militant movements of the usual sort in Chinatown, but their history illustrates the same point. I spent months in 1969 reporting on the so-called Yellow Peril movement among Chinese students. They were going around wearing black buttons with Yellow Peril written on them in yellow. That was a nice piece of reverse english. They were using the very catch phrase whites used in the 1880s to try to drive the Chinese out of America. They created reform organizations such as the Concerned Chinese for Community Action and revolutionary organizations such as the Red Guard. The Red Guards carried the Mao red book around and called people "lackeys" and "running dogs." They wore berets and shoulder-length hair and green socks from the Army-Navy Store like Fidel & Raoul in the Sierra Maestra. They thought up ironic weapons such as Chinese New Year cherry bombs with broken glass glued on. Very stylish stuff . . . virtuoso performances . . . and by the time I sat down to write about it, it was all over. Every single organization was defunct or disbanded.

I had gone into the story with the hypothesis that the Chinese were at last waking up to the fix they were in as a minority in America. I even clung to that hypothesis with one hand as I wrote. But eventually I had to conclude that the Yellow Peril movement boiled down to not much more than a few student and young faculty intellectuals. They had tried to bring to Chinatown some of the momentum of the Black Power and Third World movements that had started with the poverty program and the student uprising at San Francisco State College in 1968. Chinatown did get the benefit of a few mild reforms and perhaps some more poverty program money as a result of their work. But the Yellow Peril movement collapsed for a basic reason: young Chinese were not much more interested in it than their parents were.

Yet the Chinatowns are as thoroughly segregated—as much "ghettos"—as any slums in America. If any other racial or ethnic group had the same figures for overcrowding, poverty, unemployment, tuberculosis, suicide, one would hear about it every night until the Alan Ladd movies came on. As far as discrimination is concerned the Chinese have been through the entire drill since 1850, plus some harassments that were thought up especially for them. To this day Chinese workingmen are shut out of most unions, especially the fat ones. One has only to try to remember the last time he saw a Chinese construction worker. The unions' objection that the Chinese are "too small" is ludicrous in light of the fact that the Chinese built half the railroads of the American West in the nineteenth century, without benefit of cranes, bulldozers, and fork-lifts. They also built the skyscrapers of Hong Kong. Outside of the Chinatowns, Chinese can't even get jobs as waiters. Jobs like cleaning out the ashtrays in the lobby of the Fairmont Hotel—those they get a clear shot at.

Proportionally more Chinese than whites go to college in the United States, but it remains hard for a Chinese graduate to advance beyond the middle levels in most corporations, unless the college he went to was Yale, Harvard, Princeton, or Stanford, and he goes around togged out like one of those headless dummies in the window at F. R. Tripler & Co. Their position is much like that of American Jews 35 years ago. They sometimes compare themselves to Jews. If a Chinese businessman or lawyer is really ambitious, he knows he has to start his own firm. Many older entrepreneurs run mom-and-dad grocery stores in black slum neighborhoods—and like their Jewish counterparts they get ripped off. One of the major tactical errors the Red Guards made was publicly allying themselves with the Black Panthers and condemning the Chinese merchants' "exploitation of the black people"—in the wake of a series of slayings of Chinese grocery store owners by black gunmen.

The Chinese are the only minority other than Negroes whom the U.S. Congress has ever declared to be second-rate people. And not even Negroes were ever declared to be undesirable. The Chinese were declared to be both, second-rate and undesirable, by the Chinese Exclusion Act of 1882. That law forbade any further immigration of Chinese into the United States. It remained in effect until 1943, when Roosevelt had it rescinded—but only because it didn't go down terribly smoothly with America's new brothers in the fight against Japan, the Republic of China. Even then the quota was very small.

Prior to the San Francisco State strike, however, the Chinese had no organization like the NAACP or CORE, and they have none now. The truth is, they have never even looked upon themselves as a minority in the aggrieved political sense in which the word minority is used today.

Why? The usual explanation is "pride," but that means very little without an understanding of something I think of as the "Aramco psychology." Most Chinese who have come to the United States since 1850 have looked upon their experience in America as an interlude in their careers in China. It is the same state of mind an American has when he goes to work for Aramco in the Near East. He may run into all sorts of religious and even statute laws that bar him from Arab life. Yet it would never occur to him to think of it as "discrimination." . . . Weird cockamamie foreigners, nothing more. . . . That is because his psyche still resides in Portland, Oregon, or Norman, Oklahoma . . . The Near East is just an interlude in his career in America. If things should become absolutely repressive, he might pack up and go home, but he would not be likely to waste many hours thinking about organizing a protest movement. The Chinese started coming to the United States in the 1850s when invasions (by the English during the Opium Wars), civil war (the Taiping Rebellion), floods and famines began to tear up the Pearl River delta of Canton province. Most of the immigrants were down-and-out peasants who sought work in the gold fields and on the railroad projects of the American West. Yet that description is completely misleading if it makes their exodus to America sound like that of the Irish, the Italians, Poles, Greeks, and Russian Jews. Even bottom-dogs from China had the Aramco outlook . . . Off for an interlude among the weird cockamamie foreigners. . . .

They didn't come to the United States with the faintest notion of America as a promised land or a land of freedom. Almost all the early immigrants were young males from a rural district near Canton about the square mileage of Westchester County. China's ruling classes in Peking and Shanghai looked upon southern Canton province as the back country, the sticks, with a touch of the Wild West, because of the bandits. There was something of the North-South snobbery that still persists in Italy (and the U.S.A.). There were few gentry or mandarins in the rural areas. The farm villages were unlike anything in Europe or America. Families did not live on their farmland but in compounds, for safety. They went out to the surrounding fields during the day to work their individual, and often minute, parcels of ground. Right up until the Communist takeover in 1949 these villages looked almost exactly as they had in 1849, when the emigrations to California began.* In the village of Nanching, for example the Wong clan occupied the western half of the compound, and the Lee clan had most of the eastern half. Both territories were closed off by building walls and gates. The same two families, the Wongs and the Lees, predominate in American Chinatowns. Three smaller clans had houses on the outer edge of the Lee section. Inside the Wong and Lee sections various branches of the clans had their own streets, often closed off by gates.

The clans ran every phase of village life, including education and public works (even road-building). The national government of China existed mainly as a piece of periodic bad weather in the shape of visiting officials. Tax collectors showed up now and then and took money and left. Soldiers occasionally seized young men for the army and left. Thus the villagers had a word for "official" but none for "government." The closest was *kuan fu*, "the house of officials." The idea that they had a stake in a national or even a provincial government, much less than they might put pressure on it, didn't exist.**

In hard times fathers would send their younger sons outside the village to find work. They were to send back money for the family and eventually come back themselves. If possible they would go to work in the nearby port city of Canton. But they might have to go to Hong Kong, Macao, up the coast to Shanghai, or much further, to Hanoi, Saigon, Singapore, Manila, Hawaii, or California. They preferred to work in small businesses but usually had to settle for "selling hard labor," *mai k'u li*, origin of the pidgen-English word *coolie*. The families arranged it so that their sons first got married and then went off—leaving their wives and children behind in the village. This increased the pressure on them to send back money and to come back themselves.

Many European immigrants, of course, came to the United States with the idea of making money and returning to their homelands. The unique thing about the Chinese was how many actually made the return trip . . . and even repeated the whole process several times . . . I know several old Chinese who have made four and five round trips. They would like nothing better than to be able to return to their village to live out their last years as well-to-do and respected elders in the old, pre-Communist way. One of these men had even managed to return after the Communists came to power, sneaking in and then out again.

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*See C. K. Yang, "Chinese Communist Society: The Family and the Village" (Cambridge, Mass., pt. II, p. 11); and Stuart H. Cattell, "Health, Welfare and Social Organization in Chinatown, New York City" (mimeographed, August, 1962).

**Likewise in the rural areas of Vietnam and other countries once ruled by imperial China. Hence the bafflement of Western partisans of both the Vietcong and the Saigon regime who want to believe that Vietnamese public opinion is on their side. There is no Vietnamese "public opinion"; which also means that national elections, free or otherwise, can be nothing more than a charade for the benefit of Western public opinion. To most Vietnamese villagers, both the Vietcong and the Saigon government are . . . periodic pieces of bad weather in the shape of officers who do the usual . . . seize money, young men, and property . . . and move on.

through Hong Kong. He kept showing me a fountain pen he had brought back. He didn't want to remain in China, but he was proud of the fact that China was now manufacturing things like fountain pens. "Before," he said, "all we had were Parkers and Watermans."

It is also amazing how religiously the Chinese in America have for the past 120 years kept the part of their covenant about sending money back home. In the aforementioned village of Nanching, for example, as late as 1951 it was chiefly money from kinsmen off working for the homefolks that enabled the Wongs and Lees to buy land and build new homes. On paydays you can go to almost any post office in American Chinatowns and see long lines of Chinese waiting to send money orders to relatives in Hong Kong and Taiwan and, in many cases, from there on into Canton province on the mainland via underground channels. Many older Chinese never speak of themselves collectively as Americans or even Chinese-Americans, but rather as "overseas Chinese" or "T'ang jen," people of the T'ang Dynasty . . . The Emperor T'ang reigned in the seventh century A.D. . . .

The Exclusion Act of 1882 was a real booster for the Aramco psychology. It stayed alive among Chinese in America right up until the time of Mao's victory in 1949 (and even longer for many older people). The Exclusion Act was passed, and the Yellow Peril frenzy raged on through the 1880s. Many Chinese packed up and went home. Those who remained felt absolutely no temptation to try to "assimilate." In California, for example, testimony from Chinese was not accepted in court; they were literally "without the law." Whites dealing with Chinese could get away with murder, to mention but one offense.

The Chinese merely continued what they had already begun: setting up Chinatowns as exactly like the old villages as they could make them. The old clan councils took the form of "family associations" and "district associations," named for rural districts near Canton. Through the associations the leading families, such as the Wongs, Lees, Chins, and Toms, controlled business, education, and much of the administration of justice.

Occasionally something would happen in America to weaken or humiliate the clan leadership, such as events following the Exclusion Act itself. The clans listened to predictions that the law would be voided by the courts and told their people not to register as Chinese aliens, as the law prescribed. All this did was set them up for deportation proceedings.

As the clans lost face, the power of the tongs would tend to increase. In the Chinese villages, tongs were fraternities that young men started in order to have a place (the literal meaning of tong, or *t'ang* is "hall") where they could get away from the ever-watching eye of their families. One of the great tong pastimes was gambling. The tongs also took care of other things the clans were too respectable to enter into. Sometimes they had the clan's silent support, such as when they tracked down and punished bandits and thieves. But tongs would also take up sidelines like the protection racket. Better let us protect your crops from "the bandits," for so-much a month.

The tongs in America were direct offshoots of the ones in Canton province. In the 1880s and 1890s they were more powerful than the clans. They ended up fighting it out among themselves for supremacy, often on the streets with revolvers and hatchets (easy to conceal in loose clothes), in the famous Tong Wars.

Where did the white city, state, and federal government fit into all this? Nowhere, of course. They didn't have the faintest idea what was going on in the Chinatowns and didn't want to know . . . if only the little devils wouldn't shoot each other on public thoroughfares . . . For a hundred years the white governments struck the Chinese as very much like the old national bureaucracies of China . . . nothing more than the usual piece of bad weather in the shape of officials who intruded periodically to collect taxes, conscript soldiers for world wars, shake down the tong gamblers, or deport illegal immigrants . . . The idea that they, the Chinese, had a stake in the white government, much less that they might put pressure on it, barely existed . . .

So many Chinese managed to get into the United States illegally during the 40 years before World War II that all population figures for the Chinese in America during that period are a joke.* Two kinds of pressure kept them coming. In China another chaotic cycle had begun . . . civil wars resulting in the fall of the Manchu dynasty in 1912 (at which time Chinese in America, like Chinese in

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*On the books, the Chinese population of California mysteriously jumped 20 per cent in a single year, 1960 . . . after an amnesty was declared for illegal immigrants who would come forward and register.

China, cut off their queues or "pigtails," symbolizing that they were no longer subjects of the Manchus but of the Republic . . . of China, of course) . . . the rise of Chiang Kai-shek . . . more civil war . . . the Japanese invasion . . . World War II . . . more civil war . . . At the same time in American Chinatowns there was a desperate shortage of women, since very few women other than prostitutes had come in during the early days. Men went to great lengths to bring in the wives and children they had left behind, or else girls whom they contracted to marry, sight unseen. It was unthinkable for a respectable girl simply to come to America by herself to find work or check out the field. The best-known book ever written by a Chinese American, C. Y. Lee's *The Flower Drum Song*, hinges on the importation of a bride-to-be to San Francisco's Chinatown. Over and over in Chinese-American fiction you find the man who is eating his heart out because he can't find a wife, for love nor money.

Everybody in the Chinatowns seemed to have one close relative, at the very least, who was in America with bogus papers or no papers at all. People developed the habit of never being at home to whites, and white officials most especially, even the ones who came around with clipboards saying they were from the Census or the social services. The Chinatowns shut themselves up so tight, they became more like old Chinese villages than ever. In fact, by the 1940s life in the Chinatowns of New York and San Francisco was more old-fashioned than life in Canton. Even today most of the clan leaders are men who were born in China. The youngest of the San Francisco clan leaders, Dennis Wong, is about 40. He was born in a village in Toy San (his father made five round trips from San Francisco) and has been going to Hong Kong periodically since 1962 to work with Project Concern. This, he told me, was in keeping with the example set by a Dr. Chan, who had been educated in Germany and returned to Toy San to introduce Western scientific advances to his fellow villagers.

The upshot was that it was just about a century—from the 1850s to the 1950s—before the Chinese in America went through the typical American "second generation" agonies: i.e., the conflict between older people and their young who want to throw off the old ways. Even then the young were often so profoundly conditioned by having grown up within the crucible of Chinatown that they themselves didn't realize just what *T'ang jen* they were.

I got to know several leaders of radical Chinese organizations in 1969. All were opposed, ideologically, to the old clan establishment of Chinatown (known as "The Six Companies") as well as the white leadership of San Francisco. But . . . most had grown up in households where Chinese was spoken. A boy would grow up hearing his father speak of whites not as whites or even Americans but as *lo fan* or *bok gooi*. *Lo fan* means barbarians or, more generally, foreigners. *Lo fan* was what the villagers had called the English when they first came sailing up the Pearl River in gunboats in the 1840s. In other words a boy grew up hearing the native white majority of New York or San Francisco referred to as . . . the primitive outlanders . . .

*Bok gooi* had still more spin on it. It expressed the bitterness of the Cantonese over the way Europeans had humiliated China in the nineteenth century. It was such a common way of referring to whites that a boy might be nine or ten years old before it dawned on him that *bok gooi* meant not simply *whites*, but *white devils*.

So he grew up feeling the hundred-year-old undercurrent of resentment of whites as the despoilers of imperial China. And yet he was not conditioned to look at them with the sense of fear or envy that might have led to some sort of racial fury. The fact of the matter was, he was more likely to look down on them. Whites were awkward, foolish, gullible in business transactions, naive, childish in their emotions, exuberant and loud or else deathly shy. They couldn't control their children, had poor manners, ate too much, drank too much, made fools of themselves continually, right out in public, and yet had no sense of shame—all this in addition to their unfortunate physical appearance, which they couldn't help, of course . . . the large and sometimes ludicrous noses, the big feet, the hairy bodies, the thin lips, the big hips among both men and women, the clumsy way they moved . . .

As for Negroes, they were known as the *hok gooi*, black devils . . . One didn't think much about the *hok gooi* often, one way or the other . . . They were handy if your father needed a desk carried up a couple of flights of stairs . . .

A boy's parents didn't sit around talking about race. But somehow he would . . . absorb these attitudes toward the *bok* fools and the *hok* oxen. At the same time he was being immersed in Chinese culture. One of his early memories would be his father taking him down to the family association building with the pagoda roof and the conference room and the rows of *kuan mao* armchairs with high seats and footrails . . . and the portraits of Sun Yat-sen and Chiang Kai-shek . . . and the fabulous carved altar . . . Every day after the public school let out, he and every other child in Chinatown would go to Chinese school, which would be upstairs in a family association building or some such place. They would chant their lessons in unison, learning Cantonese by rote in the old way. In point of fact, not many go to Chinese school beyond the age of eleven or twelve, and I don't think many ever become really literate in the language or even speak it terribly well. Nevertheless the Chinese schools have done their job. They have made children feel Chinese, caused them to identify themselves with Chinese culture and history, to a degree that no mere study of history could approach. One of the arguments the Chinese presented this summer to Supreme Court Justice William O. Douglas, in asking to be exempted from school busing in San Francisco, was that children would not be able to get back to Chinatown in time for Chinese school. The old boy was not impressed, and the petition was turned down.

Many children were so insulated while growing up inside Chinatown that they weren't even aware of the *fact* that anti-Chinese bias existed. It wouldn't dawn on some until they reached Galileo High School and heard the word "chink" for the first time. And they heard that word less and less by the mid-1960s, as the percentage of Chinese at Galileo rose . . . and gangs like the Chinatown Raiders and the Wah Ching started ripping off whites and blacks who talked foolish . . . A boy almost never heard his elders talking about "discrimination" or the hard times the Chinese had been through in America. The old men who hung around Portsmouth Square in the center of Chinatown always seemed to be talking about things that happened in their villages . . . back in the Toy San district, province of Canton . . .

Boys were likely to be enrolled at an early age in *kung fu* academies. *Kung fu* is an ancient feudal Chinese art of hand-to-hand fighting. It is similar to karate in the sense that the fighting skill is supposed to be blended with a religious or philosophical overview. Of course, half the people in karate classes put up with the metaphysics as dues you pay on the way to the part where you break the pine boards with your hand. But in *kung fu* the action and the ceremony are so subtly blended that there is no separating them, even in your mind. The big annual *kung fu* exhibitions during the Chinese New Year celebrations are so highly choreographed, they qualify as serious dance. They are also stylish. If fashion designers ever get a look at *kung fu* uniforms, they are going to go into an absolute hormonal dissolve.

*Kung fu* was popular among the more well-to-do peasants of the Pearl River delta and was a mark of cultivation. A man might remain in a *kung fu* club for life and practice its slow, smooth exercises until the day he died. Likewise, in Chinatown. As far as actual fighting goes, I don't see how *kung fu* could stand up against the more direct and vicious moves of, say, judo or karate. Although come to think of it, *kung fu* does use some amazing kicks, plus sticks and swords, marvelous curved swords, like scimitars. In any case, I know many young American-born Chinese radicals who want to believe that *kung fu*—i.e., the Chinese way, the ancient way—is supreme in combat. One told me a story about the Chinatown *kung fu* master who was jumped from behind one night by two white muggers who wanted to rob him of the spectacular silver *kung fu* sword he was carrying. With one move, a gyro spin, the master kicked one filthy mugger in the jaw, knocking him out, and cut off the other's arm with the sword. My friend offered this story not as a piece of local color, but with pride . . . Another told me of seeing his father practicing a move in which you chop your hand past your opponent's body—creating a vacuum so intense, his ribs break . . . When a six-foot-four white gym teacher, an ex-football star, got mad at a small Chinese high school student and rammed his head into a wall, one radical organization decided to infiltrate his class with a *kung fu* fighter who would settle the score . . . I knew young radicals who still went to *kung fu* movies. These are what one might call Cantonese Westerns, with *kung fu* stars such as Guam Duc Hing, who appeared in movie after movie, in the manner of Gene Autry or Buck Jones in the vintage era of American Western. *Kung fu* movies always include at least one terrific melee in which the star takes on a whole team of *kung fu fighters* (the bad gang) and wipes them out with every kick, chop, slice, thrust, and vacuum-cracker in the book . . .

*Kung fu* gets close to the heart of Chinese "pride." *Kung fu* was developed by the warrior knights of China's Middle Ages . . . which were 3,000 years ago . . . In China the Cantonese villagers had very little patriotism of the Western sort . . . the sort that during popular wars (as some may recall) has boys from all over the country rushing to the recruiting office to sign up to get their hands on the enemy. But the villagers felt an identity with Chinese culture that was deeper than most Westerners can comprehend. They all knew that history begins with China and that China is the center of the civilized world. It was impossible for them to look upon Englishmen, Frenchmen, Americans, as anything but barbarians, out on the edges of the earth. Westerners were ignorant children, albeit deadly ones. Even illiterate villagers knew that China had been through all the frenzies the West was caught up in . . . and so long ago . . . In the eighteenth century B.C. the Shang Dynasty civilized China in the same sense that Charlemagne civilized Western Europe in the ninth century A.D. Feudalism developed from the eleventh to the seventh century B.C., complete with the same sort of code of ethics, fief-holding system, lords and knights, that developed about fifteen centuries later in Europe. Nationalism began to sweep China in the fifth century B.C., dividing the huge area into warring Great Powers. At the same time China began the transition from feudal societies to rationalized societies with monetary economies, a technological revolution (e.g., canals, highways systems, flood control projects), and the rise of a *bourgeoise*. New social classes based on wealth began to take over from the old aristocracies based on blood lines. This, of course, was a process that did not begin in Europe until twenty centuries later. China's great powers had their era of total unconditional war, with terrible slaughter of civilians as well as soldiers, the world wars of their day, from 403 to 221 B.C. The organization of the state into bureaucracies began not long after, in the form of the mandarin system, based on civil service examinations, but civil service examinations in the *nth degree*. This meritocracy led to the most officially entrenched and officially celebrated class of intellectuals in history, the *literati*. To this day Chinese and Southeast Asian leaders are expected to be able to put up some show of being men of letters (*e.g.*, Mao Tse-tung, Ho Chi-Minh, Chiang Kai-shek).* In the first century B.C., the first century A.D., and again the tenth century A.D., China went through socialist experiments almost as thoroughgoing as Mao's . . . The huge estates were confiscated, collective farms were set up, the entire economy was nationalized, the old, the sick and the unemployed were put on welfare . . . Such convulsions came and went.

Even in the arts the Chinese had been through all the cycles of Western experience. More than 2,000 years ago Chinese artists went through abstract art, earth art, concept art. Even the minor arts, the decorative arts, the household arts, went through subtle convolutions of a sort Western innovators have yet to arrive at. In cooking, for example, the Chinese find even the most sophisticated French cuisine inutterably primitive . . . the use of slabs and joints of meats so large that they remind one of the beast they came from . . . the cumbersome, obvious process of clearing the table of one course before presenting the next . . .

None of this, of course, means that young Chinese in America have any desire, even unconscious, to return to the old ways. They obviously don't. Young American-boy Chinese today show the usual "second generation" symptoms. They find their parents, and Chinatown, unbearably old-fashioned. Many young Chinese go in for white teenage styles of several years back—for example, they customize cars and motorcycles and wear their hair like the old Hair Boys of Los Angeles. Others have taken on the "soul" styles of black teenagers, wearing their hair in James Brown-style pompadours and walking with the so-called "pimp roll." Most Chinese who get college educations and good jobs leave Chinatown and the village life forever. But the Chinese heritage, the Chinese "pride," does mean that it is impossible for the Chinese in America, poor or rich, to picture themselves as a weak and helpless minority, hopelessly adrift in the tides of circumstances.

Unlike the Little Italys, the Little Ukraines, and the Germantowns, the Chinatowns are not dying of old age. For every young person who leaves Chinatown today, there are two who are born into it or come in as immigrants. The Chinatowns are, in fact, growing fast and growing younger. Restrictions in immigration from

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Three Lyndon Johnsons of the pen: Mao, with his incessant truisms: e.g., "An army without culture is an ignorant army," "Unilateral examination consists in not knowing how to see a question under all its aspects"; Ho, with his sentimental flower-petal poems from prison; Chiang, with his "Essentials of the New Life," which educated Chinese joked about even while he was running the country.

Hong Kong and Taiwan were in effect removed during the 1960s. Soon a majority of the people in Chinatown will again be immigrants who don't speak English. And this has presented the old clan leaders with a curious problem.

A high percentage of the immigrants, especially from Hong Kong, are poor. They can't speak English, never learn it in the so-called remedial classes in the public schools, can't get jobs—and also can't get help from the clans that run Chinatown. Many of the newcomers are from families not represented in the current clan establishment. The clan leaders know that strategically they should become flexible enough to make room for them. But that would break a deeply entrenched tradition. The clans are noted for helping their own—which means their own relatives, and nobody else. By way of telling me what he was up against, one of the younger clan leaders quoted a proverb: "Sweep your own doorway clean and never mind the snow on your neighbor's roof."

But the old village life is still going strong, especially now that there is the school busing crisis to bind the community together. As the San Francisco public schools started up on September 13, the school administration's plan was for 720 Chinese children to assemble outside one of the schools in Chinatown and get on buses to be driven to schools here and there around town. On the first day 29 children showed up. On the second day, September 14, 33 showed up. On both days almost twice as many Chinese adults, men and women, were on hand. They said nothing and didn't make so much as a gesture. They just stared at the buses . . . and at what few parents arrived to put their children on board. To outsiders who asked, they said only that they were there to observe the busing procedures. That they were. As everyone in Chinatown knew, they were. The Community . . . observing who did and who didn't boycott the buses.

I am told that the parents of a thousand children have enrolled them in the old Chinese schools, which will now open during regular school hours for bilingual instruction. The organizers are calling them "Freedom Schools." . . . Another piece of reverse english, that is, like the YELLOW PERIL buttons of 1969. The original Freedom Schools, of course, were set up in the South as part of the fight for integration. In Chinatown the clenched fist now rises for . . . freedom from your brand of enlightenment, you pious crazies.

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[The Washington Post, Aug. 26, 1971]

## CITY, SUBURB SCHOOL MERGER BACKED BY VIRGINIA OFFICIAL

By Ken Ringle

Richmond, Aug. 25.—A member of Virginia's Board of Education testified today he would support board action to merge Richmond's 64 per cent black school system with the overwhelmingly white systems of its surrounding counties.

Hillary Jones, Jr., made the statement before the District Court here where the city school board and black plaintiffs have joined forces to seek such a merger from the board via court order.

Jones, a Norfolk lawyer named to the board 2½ years ago by former Gov. Mills E. Godwin Jr. as its first black member, says he looks upon the state board as "the duly constituted agency to provide leadership in all areas of education," including the sort of regionwide desegregation envisioned by the Richmond suit.

Jones made it clear he was speaking as an individual board member and not for the board as a whole, which has argued against the merger in its role as one of nearly a dozen defendants in the case.

His testimony met vigorous objection from J. Segar Gravatt, attorney for the Chesterfield County school board, which is also a defendant.

Gravatt, an elderly Southside Virginia lawyer who a decade ago championed Prince Edward County's right to close its public schools rather than desegregate them, said Jones was "unqualified" to testify on the merger.

His objection however, was overruled by Judge Robert R. Merhige Jr., who has been hearing the case for a week and a half.

In making the state board and the counties of Henrico and Chesterfield defendants, the city and black plaintiffs hope to widen existing judicial objections to racially identifiable southern schools to include racially identifiable school systems, which they contend exist here.

A court order directing the state board to force a city-suburban school consolidation, they argue, is the only means of assuring constitutionally equal education for all city school children.

Today, in seeking to bolster their claim that the school systems of the suburban counties—both more than 90 per cent white—are racially identifiable, the plaintiffs called as a witness Dr. Walter Campbell, Henrico's school superintendent for the past two years.

Last Friday, Campbell's Chesterfield County counterpart, Dr. Robert F. Kelly, said that if placed in command of a regionwide educational system such as the one the city proposes for Richmond, Henrico and Chesterfield, he would "have to do something" in the way of racial balance to improve the educational environment.

Campbell, however, responding to similar cross-examination today, said he would "leave things exactly as they are" rather than shifting pupils to alter existing racial patterns.

"I believe the best educational plan is to leave children where they are . . . utilizing their environment and not running away," Campbell said.

"Isn't that what the white people of Henrico and Chesterfield are doing: running away from the blacks in Richmond?" asked Louis R. Lucas, attorney for the plaintiffs.

"I don't know what's happening to them," Campbell said.

"In Henrico County all our schools are schools—not black or white. We run a unitary system."

But Lucas drew from Campbell the fact that while only 7 per cent of Henrico's 20,000 elementary pupils are black, 41.5 per cent of them go to schools at least 80 per cent black.

He entered as court exhibits records showing the county still has numerous all-white schools—several of them within a mile or two of mostly black schools—and drew from Campbell a statement that the superintendent could consider a school with 500 blacks and two whites a desegregated school.

The superintendent took issue with Lucas' suggestion that the county condones segregated housing patterns that help perpetuate all-black neighborhood schools.

"I don't know of any subdivision in the county that is segregated," Campbell said. "We've got black people living all over Henrico County . . . you see them everywhere you turn."

"All 8 or 9 per cent of them?" Lucas asked.

Campbell said his preference for leaving unaltered the existing racial patterns in Richmond, Henrico and Chesterfield schools was based on his opinion as an expert on the "educational feasibility" of such a plan.

"It is the heart of American education to have people close to the schools," he said.

John O'Brien, a city school board attorney, noted that Henrico had recently changed its attendance zones to change a school that had gone from 40 per cent black to 94 per cent black in three years.

He noted that the pupils in the Central Gardens Elementary School had been spread among five other schools in such a way that each school was 30 per cent black.

To accomplish this, he forced Campbell to admit, the county was busing black students to schools farther from their home than before. Campbell said the county had arrived at the plan for the school because of its "educational feasibility" and that "race was never discussed" in its framing.

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[The Washington Post, Aug. 30, 1971]

## RICHMOND SCHOOL CASE: HISTORY CROSS EXAMINED

By Ken Ringle

Richmond, Aug. 29.—"Everyone please rise," says law clerk Lindsey Lovejoy as the small, bushy-browed figure in the knee-length black robe strides quickly up the steps to the massive mahogany desk beneath the great seal of the United States.

"The honorable United States District judge," Lovejoy announces, banging his gavel. "This court is now in session. Be seated and come to order please."

"Civil action 3353," says a voice to Lovejoy's far right. "Carolyn Bradley et al versus the school board of the city of Richmond et al. Continued from yesterday."

"Good morning gentlemen," says Judge Robert R. Merhige Jr. glancing quickly out over the dozen lawyers settling themselves amid their reams of documents and files. "Mr. Lucas, call your next witness."

So begins the day in the mahogany-paneled courtroom where Jefferson Davis was arraigned for treason a century ago and where segregation of the races is still at issue in the tangled litigation surrounding Richmond public schools.

For the past two weeks, in a climactic chapter of the city's 10-year-old school desegregation case, Richmond and its legal opponents have pitted Virginia's history of discrimination against its present trend toward moderation in an attack on a major urban racial problem.

Technically, the plaintiffs, 11 Negro children long since grown and finished with school, are still seeking what they first asked on Sept. 5, 1961: a plan from the city for a "racially nondiscriminatory school system."

Actually, however, the thrust of the case has shifted dramatically in the past year—from assuring the admission of Negroes into formerly all white schools to seeking consolidation of the city's 64 per cent black school system with those of its surrounding counties of Henrico and Chesterfield, both more than 90 per cent white.

Now joined as legal allies, lawyers for the city school board and the black plaintiffs seek to establish a nationwide precedent that politically-separated, racially-identifiable school systems—which they contend—exist here—are as unconstitutional as white public schools that bar Negro students.

Their strategy has been to prove that the State Board of Education, which has the power to consolidate school districts:

Had a strong hand in setting up and maintaining Virginia's original system of school segregation.

Has pleaded "no power" only when it came time to dismantle that system.

Has the "affirmative duty" to effect that dismantling here by ordering the proposed metropolitan merger.

Named as defendants are the two counties, their school boards, the State Board of Education and its chief administrative officer Dr. Woodrow W. Wilkerson.

In the last week, the plaintiffs have exhumed and exposed in detail the structure of Virginia's segregationist past, which Gov. Linwood Holton and his administration have been trying for the past 18 months to lay to rest.

There have been more than 140 exhibits entered as evidence and more than 40 witnesses have been called.

When arguments on the merger itself opened Monday, Aug. 16, there were 21 lawyers and three carts of documents scattered among the heavy tables and green leather armchairs of the courtroom.

But even more intriguing than the tactical and logistical aspects of the case have been the personalities involved.

Together with Merhige they represent a kind of Who's Who of the state's political and racial past and present.

They include:

J. Segar Gravatt, 62, attorney for the Chesterfield County school board, a square-jawed former Nottoway County judge who in the 1950s championed the right of Prince Edward County to close its public schools rather than desegregate them.

Robert D. McIlwaine III, 47, the slim, quiet counsel for the Henrico County school board, who in the late 1950s served as chief assistant to the Virginia attorney general in court battles over the state's program of "massive resistance" to school desegregation.

Frederick T. Gray, 52, the tall, grey-haired attorney for the Chesterfield Board of Supervisors, who served as interim attorney general in 1961 and as a member of the Virginia Commission of Constitutional Government, a now defunct state agency that prepared and distributed pamphlets and books espousing strong conservative view points.

George B. Little, 45, counsel for the city school board. One of the city's top trial lawyers, Little is also one of a group of Democrat lawyers who helped wean the city's party unit away from the race-oriented organization politics espoused by Gravatt, Grey and McIllwain toward the more moderate stand now represented by Sen. William B. Spong Jr.

Louis B. Lucas, 36, a Kennedy-Johnson era Justice Department lawyer now in private practice in Memphis, retained by the NAACP Legal Defense Fund for the Richmond case.

And finally Merhige himself, 52, a life-long Democrat appointed to the bench four years ago after a highly-acclaimed career in criminal law, inundated with hate mail, venomous local editorials and threats against his life since he ordered increased busing of students in Richmond public schools last year.

This year, with another 1,500 scheduled for busing, another 1,500 are expected to turn up among the missing, yielding a 47,000 pupil system that would be 70 percent black.

True figures won't be known, however, because Merhige on Friday granted the counties' motion that he enjoin the city from releasing enrollment figures lest pro-merger parents boycott the schools in hope of prompting a pro-merger decision.

In the first two weeks of the trial, city school board attorney Little has concentrated on the educational viability of the proposed merger plan.

He has won general concessions from educational experts and even adverse state witnesses that the proposed 105,000-pupil consolidated district, subdivided into six sections, would have educational advantages beyond its 60–40 per cent white to black ratio.

But it has been Lucas to whom the most telling chore has fallen: that of exposing to the court and to the public a system most white Virginians would just as soon forget.

He produced state documents showing that pupil busing for racial reasons, far from a new idea, has been ingrained in state policy to a degree unknown to most Virginians.

Rather than mix the races in nearby schools, he pointed out, Virgina counties with small black populations were pooling their Negroes as late as 1968 in regional schools so far from some pupils' homes that dormitories were provided.

Busing has been officially sanctioned by the state not only across county and city lines, he showed, but across state lines as late as this year.

For Dr. Woodrow W. Wilkerson, Virginia's state superintendent of public instruction for the past 11 years, he produced documents showing the state was receiving fund requests for white and Negro schools on different colored sheets of paper in 1957 and providing only segregated offices for black employees in the Department of Education as late as 1965.

Yet Wilkerson, a small, pale man with thinning white hair, recalled little of it.

Repeatedly during the long afternoons of questioning last week he would gaze at the ceiling and say: "I don't remember the exact details . . . I don't seem to recall . . . one of my assistants handled that . . ." or "that was not part of my job."

Harry Elmore, Wilkerson's chief assistant charged with implementing federal desegregation programs, testified he felt that "with the passage of the (1964) Civil Rights Act (the state board had) the legal and moral obligation to effect desegregated school divisions."

But in response to a question from Merhige, he said he couldn't recall if the state board had to this day ever sent out any memos or taken any other affirmative step to inform local school systems that integrated schools were the law of the land.

Elmore, Wilkerson and other witnesses pleaded with Lucas to concentrate on Virginia's racial situation in the schools the way it is now, rather than as it was.

But Lucas and Little argue that the centralization of blacks in Richmond's core city is the direct result of past racial policies condoned and even assisted by the state government, which now must alleviate that condition through the proposed school merger.

Attorneys for the defendants have been mostly silent, with the exception of Gravatt, who objected to the testimony of a black state board of education member as "unqualified" to speak on the merger, and protested that all educational testimony is irrelevant to the issues of local sovereignty raised by the merger suit.

Tuesday the defendants begin a week-long presentation of their case and Gravatt is expected to expand considerably on that theme.

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[The Times-Dispatch (Richmond, Va.), Sept. 19, 1971]

## MERHIGE EXPECTED TO ORDER MERGER

By Charles Cox

Does the U.S. Constitution require that inner city blacks and suburban whites go to the same schools? Must school buses roll between Richmond's East End and Henrico County's Varina District to desegregate the schools of both?

The Richmond School Board thinks so. So do city blacks, the board's newly acquired allies in the five-week capital area metropolitan school trial that ended Tuesday.

The school boards and boards of supervisors of Henrico and Chesterfield counties and the State Board of Education, all defendants in the case, don't agree.

Does Judge Robert R. Merhige Jr., who heard the bench mark case, think so?

His decision, awaited by metropolitan complexes all over the country, cannot be expected before November, or even the first of the year.

The betting now, though, is that the judge will order heavily white Chesterfield and Henrico schools merged with largely black city schools, and that, rather likely, the U.S. 4th Circuit Court of Appeals will reverse him, putting the constitutional issue squarely up to the Supreme Court.

On the last day, Merhige voiced satisfaction that a full record had been compiled in the long trial for delivery one floor up to appellate court. And he voiced the belief that the Supreme Court's decision would be forthcoming next year in good time to avoid disruption of any kind at the start of another school year.

Sympathizing with the judge and the job ahead of him that last day was Chesterfield lawyer J. Segar Gravatt, who began his closing arguments by saying he'd rather "be down on my tummy in the courtroom and be flogged than read all that paper" in the record.

That last day, also, Gravatt and other defendants' lawyers fattened the record further by reading voluminously from "Swann," as lawyers call the Supreme Court's Charlotte-Mecklenburg County, N.C., decision in April affirming that busing is a permissable desegregation tool.

Defendants' lawyers returned again and again to what they saw as Swann's point: that the authorities must erase from public schools all vestiges of state-imposed segregation.

This now has been done in both counties, maintained lawyers for their school boards and boards of supervisors as well as the State Board of Education.

Merhige replied that he thought this precedent-shattering case is "closer to Brown than to Swann."

What did he mean by that?

The decision in the Brown Case, the Supreme Court's initial school desegregation bench mark in 1954, laid down the doctrine that separate but equal schools are inherently unequal.

In this metropolitan case, blacks and city school board alike maintain that the state is constitutionally obliged to desegregate whole systems, as opposed to argument in earlier cases that a local system is obliged to seek better racial balance in its own schools and within the borders of its own system.

Blacks and the Richmond board say the State Board of Education, which on that last trial day the judge saw as playing a passive part in the desegregation struggles, shares the "affirmative duty" of the localities in "dismantling" what they charge are racially dual, separate and unequal capital area schools.

This metropolitan merger case, stressed Memphis lawyer Louis R. Lucas, representing the black plaintiffs, promises fulfillment of hopes raised by Brown 17 years ago.

When Merhige talked about the resemblance of this case to Brown, was he buying these arguments? Until he distributes his opinion, of course, there is no way of telling.

Merhige that last day seemed preoccupied by the Emporia case and with what the Supreme Court will do with it.

There, the judge detected racial motivation in an attempt by Emporia to separate its schools from those of Greensville County, and he forbade it.

The 4th Circuit Court reversed him. The appellate judges decided that race played no part in Emporia's decision that it wanted its own separate schools.

As the judge reasons, if the highest court next "says you can't keep them together," it follows "you can't put them together."

On the other hand, if the Supreme Court decided that the District Court can indeed keep them together, it seems to follow that therein lies the power to put other jurisdictions together via merger.

So the Supreme Court's Emporia decision, expected soon by some, is awaited with considerable interest by court watchers.

What the city board and the black plaintiffs want is to make the city's majority-black schools part of a metropolitan system that would enroll 100,000 plus children in 100-plus schools.

These would all be majority white schools, none less than 20 percent black, none more than 40 per cent black.

This is strenuously opposed in the counties where numbers of schools remain all white and without black teachers, according to the evidence of the trial.

The city plan, calling for "exporting" inner city blacks to county suburban schools and "importing" county whites to the majority black city schools was attacked as a blueprint for educational and administrative disaster.

City board attorney George B. Little told Merhige, who earlier ordered implementation of a city-only desegregation plan calling for the busing of 21,000, that the city-only plan "promises realistically not to work."

Resegregation will defeat that plan, Little contended. The 45,000 pupil city system is already 70 per cent black and getting "blacker." The twin counties, enrolling 55,000 between them, are 90 per cent white and getting "whiter." And according to Little, while white flight from the city has been apparent since World War II, the black population of these three separate political subdivisions as a whole has hung close to 33 per cent.

The judge appeared sympathetic to this line of reasoning. "Isn't it an act of futility," he wondered, "to go through the motions of desegregation . . . and then let it happen again?"

The counties took the position throughout that the city failed to prove white flight. They denied they share the "community of interest" with Richmond that is seen by the city. They put on experts to deny that they detect any particular educational advantage in blacks and whites going to school together, as argued by city experts. They said "private choice," not state-sanctioned restriction on housing and the like, dictate where blacks live.

The State Board of Education hasn't the power to carry out the kind of merger the city seeks, insisted Asst. Atty. Gen. William G. Broaddus.

Nevertheless, responded the judge, all of the parties, state and county, with power to implement a merger are "here under the mandate of this court and subject to the orders of this court."

The attempt to desegregate via merger of whole school systems is not unknown. But it does seem unlikely that another case could get to the high court ahead of this one.

Somewhat parallel merger efforts are moving through the federal courts in Indianapolis, Detroit and Grand Rapids, Hartford, Conn., and elsewhere.

At Indianapolis, it was the United States, in the guise of the Department of Justice, that within the last few weeks persuaded District Court Judge S. Hugh Dillin to expand that city-only case to take in 19 nearby county school systems, the Indiana superintendent of public instruction, Indianapolis City Council and other defendants thought to have a legal say in metropolitan merger.

That tactic, incidentally, was suggested by Dillin in his Aug. 18 opinion ordering various interim measures to desegregate Indianapolis schools.

Taking note that Indianapolis rapidly approaches the 40 per cent black "tipping point," beyond which the experts see something like a black school system as inevitable, Dillin wrote in his Aug. 18 ruling that ". . . the easy way out for the court . . . would be to order a massive 'fruit basket' scrambling (within Indianapolis alone) and then to go on to other things. The power to do so is undoubted.

"There is just one thing wrong with this simplistic solution: In the long haul, it won't work."

## METROPOLITAN SCHOOL DESEGREGATION*

I wish that I, like other speakers, could tell you what the Supreme Court has said about the area of the law I'm going to discuss, metropolitan school desegregation. But I cannot, because the Court has not passed upon the issue. Of necessity, I am going to talk about the *theory* of the litigation presently being brought.

I think it's helpful in considering this whole subject to keep in mind that the proposals for city-suburb desegregation which are being discussed with greater and greater frequency these days are responses to perceived problems affecting education in this country. I think metropolitan desegregation can make a valuable contribution to the solution of a variety of current educational problems.

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*Remarks of Norman J. Shachkin, NAACP Legal Defense and Educational Fund, Inc., to National Association of Teacher Attorneys, Phoenix, Ariz., Nov. 4, 1971.

Let me briefly explore a few of the problems facing educators today. Of course, you could ask fifty educators for a list of problems and quite possibly come up with fifty different answers. We ought, however, to be able to agree on some general areas. So far as I am concerned—and of course this judgment is shaded by my occupational preoccupations—I think the isolation of racial and ethnic minority children in our schools is one of the most serious problems facing American education. It's not just the social and psychological ramifications of this separation; we have learned in the last decade that these things have a direct bearing not only upon the social graces these students are able to learn, but also upon the very fundamental skills and techniques which all students must master.[1]

A second problem is school finance. Now I use that term in its very broadest sense, to include a number of different particular problems. They all have a variety of ramifications; they all affect the interests of the teachers whom you represent, either directly or indirectly. For example, one problem of school finance is the increasingly common tendency of suburban and, to a somewhat lesser extent, urban voters to turn down school budgets which have very little room for innovation and improvement, barely going beyond increasing professional salaries to keep pace with the cost of inflation. Another problem of school financing has received judicial attention in *McInnis*[2] and *Serrano*.[3] That is the failure of most existing state schemes for financing public education to avoid a built-in discrimination against students living in school districts having relatively low property taxable wealth. Another school finance problem has to do with our present methods of financing capital improvements; I recall someone was quoted the other day as having said that even AT&T would be bankrupt if it were forced to operate as our school systems do, financing capital improvements out of current operating revenues.

A third major area of concern is, I think, that of adequate teacher preparation and retraining. Perhaps this began to come into focus in the late fifties, at the time of the "Sputnik" educational explosion. The new emphasis on science courses in secondary education meant that new curricula had to be developed, new teachers with interests and experiences in these fields had to be hired, and older teachers had to be exposed to new ideas and methods of presentation. While that substantive emphasis has passed, I think there is a continuing need for not only adequate teacher training programs but also the opportunity, in a meaningful way, for experienced teachers to renew themselves as, for example, by paid sabbaticals. One expression of this concern is the North Dakota program to prepare teachers for new open classroom methods without interrupting either the education of the North Dakota students or the livelihoods of their teachers.[4] Another is the increased federal funding of workshops and programs designed to make teachers aware of techniques which have been developed to deal with the problems modern students are bringing to the classroom.

Finally, a fourth problem grows out of what I might call an overemphasis on intellectuality. There has been acceptance of continuing education as necessarily beneficial without any critical examination. First high school, then college and now graduate level education is widely perceived to be necessary and appropriate for every American. In reaction to that, educators and social scientists are now beginning to reemphasize the goal of education as providing opportunity for the child to follow whatever path is attractive to him, and to become proficient, whether or not that is cerebral and intellectual or manual and vocational. Thus we have recently seen an increased and renewed emphasis upon providing vocational training on advanced levels for students who desire it; but these programs are expensive and often beyond the means of individual school districts.

These are only four problems. There are others; but I would be foolish to contend that metropolitan desegregation is a solution to all of the educational ills besetting us. Successful metropolitanization of school districts is a tool which has the potential for making inroads on each of these problems. That, I hope, will explain somewhat the attractiveness of the concept to many judges, educators and lawyers; I hope it will also bring across to you why this process may have advantages for your clients, given adequate protection for their interests.

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[1] J. Coleman, "Equality of Educational Opportunity" (1966); "Racial Isolation in the Public Schools, A Report of the U.S. Civil Rights Commission" (1967).

[2] *McInnis* v. *Ogilvie,* 394 U.S. 322 (1969), *aff'g* 293 F. Supp. 327 (N.D. Ill. 1968).

[3] *Serrano* v. *Priest,* — — Cal. 2d ——, —— P.2d ——, 96 Cal. Rptr. 601 (1971).

[4] See C. Silberman, "Crisis in the Classroom" (1970).

Where did the notion of metropolitan school desegregation come from, and what is it? It is, as the name given to the concept suggests, the product of two established themes in American education: regionalization and the struggle for equal education of minority group children. For a long time, regionalization was applied most exclusively to the merger of small, rural districts into larger and more efficient regional units. The process, as the National Education Association has documented on many occasions in *amicus* briefs and elsewhere, has been going on for quite a long time. Recently, a statewide regionalization program was implemented in Pennsylvania, for example. Typically this movement has involved the creation of regional high school districts in rural areas serving a large geographic district with all children bused to a fairly central location where decent facilities and services could be economically provided. It was usually accompanied by lesser degree of elementary regionalization.

Regionalization has rarely included established urban districts. One example of this is Buffalo, New York, where there has been a recent regionalization of vocational efforts in the entire area—except for the city itself. Nearly all the suburbs and rural areas surrounding Buffalo participate in a regional vocational education program from which the city students, who may need it as much or more than anyone else, are excluded.

The quest for school desegregation, on the other hand, has always involved both urban and rural areas. What is perhaps most curious is that the impetus for school desegregation coincided with a period of fantastic suburban growth and change in the demographic characteristics of our cities. Many people have associated the two phenomena together and presumed a cause-and-effect relationship which does not exist. In other words, efforts at desegregation (whether voluntary or mandatory) have been blamed for the exodus of the white middle class from many cities. The truth of the matter is that the process of suburbanization preceded and may well outlast the issue of desegregation. The postwar baby boom put tremendous pressure on the housing market and supply, and it started a headlong rush to the suburbs by young families who could afford to—and were permitted to—buy housing there. Washington, D.C., for example, showed its most significant growth in Negro population and decline in white population in the decades before *Bolling* v. *Sharpe*[5] was decided.[6]

The end result of the process was this: although the total population of a metropolitan area varied very little (in Richmond, the proportion of blacks in the general population of the city and the two adjoining predominantly white counties did not vary more than 1% in thirty years), its distribution radically changed. Because of modern improvements in communication and transportation, the "community" in which people lived expanded to include the suburbs. Existing political subdivisions, such as local governmental units and school districts, however, generally did not so expand. This aggravated two of the problems I mentioned earlier. First of all, where desegregation of urban school districts could once have been achieved with what we might now look fondly back upon as relative ease (compared to the "bizarre" solutions authorized by *Swann*[7]), we now find that racial balancing of all the schools in a city will do nothing about the ring of lily white suburban schools which stand poised to draw off as many white students as possible. Second, this drastic demographic shift has brought about the increasing concentration of the poor and landless in our cities, resulting in greatly reduced revenue-producing powers of city governments and city school districts.[8] Again, wealthy and compact suburbs, which not only rely on the resources of the cities but also benefit from state and federal expenditures (for, as an example, beltways facilitating urban-suburban automobile travel), ring the cities and draw off personnel with lucrative salaries.

It was the end result of these processes, then, which resulted in the development of a theory of metropolitan desegregation. I should mention the pioneering lecture and article by Judge J. Skelly Wright[9] in 1965, which suggested that boundary lines might eventually have to be crossed to bring about effective desegregation of places like Washington, D.C. And in 1967 the United States Civil

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[5] 347 U.S. 497 (1954).

[6] K. & A. Taeuber, "Negroes in Cities: Residential Segregation and Neighborhood Change" (1969).

[7] *Swann* v. *Charlotte-Mecklenburg Bd. of Educ.*, 402 U.S. 1 (1971).

[8] M. Aikin, "Revenue for Education in Metropolitan Areas," in R. Havighurst, ed., "Metropolitanism, Its Challenge to Education" (1968).

[9] J. Wright, "Public School Desegregation: Legal Remedies for De Facto Segregation," 40 N.Y.U.L. Rev. 285 (1965).

Rights Commission raised the issue at its National Conference on Equal Educational Opportunity in America's Cities. But the idea was not much mooted until recently—because the task of getting any real desegregation at all, in any school district, urban or rural, was so difficult.

It was not until after the Supreme Court's declaration in *Green*[10] that the desegregation ordered by courts had to be effective, in fact, that real progress has been made. In 1967 Judge Wright had declined to require the remaining white students in Washington, D.C. to be equally spread among the schools in the system; lower federal court judges frequently asked attorneys for plaintiffs in school desegregation cases what they would do about desegregating Washington. So they began to think about it. It was necessary, anyway, because since *Brown*, the inevitable process of suburbanization had been going on in the south and in the north, and relief against single school systems was in danger of being rendered illusory.

Largely in the past three years, then, and certainly during the past five to seven years, civil rights lawyers have pondered the legal theories which might support an attempt to desegregate not just urban school districts which had a history of keeping blacks and whites separate before (and often after) *Brown*, but also the developing suburban districts which may not even have been populated until just before or subsequent to the 1954 decision.

Two points stood out. First of all, desegregation suits had classically proceeded against individual school districts as bodies corporate under state law, and relief was generally assumed to be limited to the entity sued. On the other hand, state officers had habitually ignored district lines to preserve school segregation[11] either by busing black students out of their district pursuant to tuition contract[12] or by maintaining the fiction that black students resided in dual, overlapping, but separate school districts.[13] On some rather isolated occasions in the past, the courts had given relief against both of these practices, either by requiring that black students be educated within the political subdivision in which they found themselves[14] or by requiring "separate" districts to act as a single unit for purposes of pupil and teacher assignment.[15]

There would be no problem in obliterating a boundary line if it were established that it was gerrymandered. Since the Supreme Court in *Brown* expressly raised the possibility of redrawing school district lines[16] the cases involving gerrymandered attendance zones would apply.[17] What was needed was a persuasive argument that would induce a court to act.

In 1967 a suit was filed against the County Board of Education of Sevier County, Arkansas and local school districts within the county. There were two school districts in one section of the county—one had no blacks, the other had no whites. Each was very small, operated twelve-grade schools located six-tenths of a mile apart on the same road, but the black district consisted of two non-contiguous portions entirely surrounded by the white district. The school districts had been so created in 1949 and had remained unchanged since then, except for minor line shifts in 1955. Yet in thirteen years since *Brown*, no one (including HEW) had thought to ask for desegregation in this area, because the records and maps showed two separate legal entities. What better reason for regionalization or metropolitanization!

In 1948 Arkansas voters had passed a consolidation initiative requiring merger of districts with less than 350 students. By June 1. 1949, such districts either had to attach themselves to existing districts of sufficient size or on that date the County Boards of Education were to consolidate them into a single county district. In this count, all of the little districts were uniracial—all-black or all-white. And between 1948 and 1949, white districts joined white districts, and black districts joined black districts. The three small black districts remaining on June 1, 1949 were consolidated into the existing two-part black system.

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[10] *Green* v. *County School Bd. of New Kent County*, 391 U.S. 430 (1968).

[11] See generally, M. Weinberg, *"Race and Place: A Legal History of the Neighborhood School"* (1967).

[12] *E.g., Corbin* v. *County School Bd. of Pulaski County*, 84 F. Supp. 253 (W.D. Va.), *rev'd* 177 F.2d 924 (4th Cir. 1949); *Griffin* v. *Board of Educ. of Yancey County*, 186 F. Supp. 511 (W.D. N.C. 1960).

[13] *E.g., McGhee* v. *Nashville Special School Dist. No. 1*, Civ. No. 962 (W.D. Ark., June 21, 1966) (unreported).

[14] *E.g., Corbin, supra* n. 12; *Missouri ex rel. Gaines* v. *Canada*, 305 U.S. 337 (1939).

[15] *E.g., United States* v. *Crockett County Bd. of Educ.*, Civ. No. 1633 (W.D. Tenn., May 15. 1967) (unreported); *see Sloan* v. *Tenth School Dist. of Wilson County*, 433 F.2d 587 (6th Cir. 1970).

[16] *Brown* v. *Board of Educ.*, 349 U.S. 294, 300–01 (1955).

[17] *E.g.*, *Taylor* v. *Board of Educ. of New Rochelle*, 181 F. Supp. 181. 195 F. Supp. 231 (S.D. N.Y.), *aff'd* 294 F.2d 36 (2d Cir.), *cert. denied*, 368 U.S. 940 (1961).

The defendants said they had not acted from racial motivations, but had merely approved the district consolidations on petitions circulated by the voters; the district court held there was no gerrymandering and hence no constitutional violation.[18] The Court of Appeals reversed. And its ruling lays the groundwork for the present metropolitan desegregation movement.

This decision was tremendously important to the concept of metropolitan desegregation for several reasons. First of all, it established a precedent for the jurisdiction and power of the federal courts to change school district boundaries. Second, it was based on a broader theory than gerrymandering or intent to discriminate established by admissions and testimony of the defendants. In this sense, the case was like *Gomillion* v. *Lightfoot*[19] but previously the principle had not been applied explicitly to school districts. Third, it suggested that a helpful substantive test for examining district boundaries which are not of recent origin is to ask whether they would meet constitutional muster if they were so established toda, Finally, the court's language strongly affirmed the supremacy of the constitutional guarantee of equality over concerns for maintaining subordinate political subdivisions of the states. *Haney* was subsequently followed and enlarged upon in *United States* v. *Texas*, 321 F. Supp. 1043 (E.D. Tex. 1970), *aff'd*—F.2d—(5th Cir. 1971), where the court required the *state* to dismantle any number of similarly created black school districts.

A significant amount of metropolitan litigation got under way. In general, we can examine the various theories which could underly metropolitan relief in a school desegregation case by considering the pending "metro" cases.

The simplest theory is an extension of the argument proffered in the various "de facto segregation" cases—an argument which itself has met with only limited success to date.[20] It emphasizes the recognition in some of these cases, and in

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[18] The district court promised its conclusion that [the all-black district in Sevier County] is not segregated on a finding that it "was not created for the purpose of creating a segregated school." The trial court reasoned that it was created under Initiated Act No. 1 of 1948 . . . and that the sole purpose of the Act was the consolidation of smaller districts into larger districts. The trial court thus concluded that there is no proof of gerrymandering to effect segregation. . . .

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The contention that the school districts herein involved are not segregated as a matter of law is untenable [and] . . . patently overlooks the then existing state law requiring segregation of public schools.

. . . In reorganizing the fourteen separate school districts existing in Sevier County in 1948, the County Board of Education was required to adhere to state law. It is noteworthy that in doing so, school districts in Sevier County were conveniently reorganized to reflect facile compliance with the segregation policy and law of the State. . . .

It is true Arkansas law did not require school *districts* to be separated by race. But the fact that the various reorganized districts in Sevier County reflect a bi-racial system of education by district lines must be accepted as more than mere coincidence. It is readily apparent that the Sevier County Board of Education approved reorganization of districts along district lines which facilitated the segregated system of public education then required by Arkansas law. It would be sheer fantasy to say that the school districts in Sevier County could be realigned today in the same manner that they were in 1948 and still comply with the constitutional mandate of *Brown I* and *II*. School district reorganization took place under the color of state law that then required segregated schools. Under these circumstances, when the resulting district lines drawn reflect a discriminatory pattern, *de jure* segregation is established. Simply to say there was no intentional gerrymandering of district lines for racial reasons is not enough. As Mr. Justice Harlan once observed, "[T]he object or purpose of legislation is to be determined by its natural or reasonable effect, whatever may have been the motives upon which legislators acted." *New York* v. *Roberts*, 171 U.S. 658, 681 (1898) (dissenting opinion). *Brown II* recognized that "school districts and attendance areas" as well as "local laws and regulations" would have to be "revised" to achieve a unitary state-wide school system. 349 U.S. at 300–01.

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State legislative district lines, congressional districts and other state political subdivisions have long ago lost their mastery over the more desired effect of protecting the equal rights of all citizens. . . .

Political subdivisions of the state are mere lines of convenience for exercising divided governmental responsibilities. They cannot serve to deny federal rights. . . . (410 F.2d at 923–25)

[19] 364 U.S. 339 (1960).

[20] Compare *Bell* v. *School City of Gary*, 324 F.2d 209 (7th Cir. 1963), *cert. denied*, 377 U.S. 924 (1964); *Deal* v. *Cincinnati Bd. of Educ.*, 369 (F.2d 55 (6th Cir. 1966) *cert. denied*, 389 U.S. 847 (1967); *Downs* v. *Board of Educ. of Kansas City*, 336 F.2d 988 (10th Cir. 1964), *cert. denied*, 380 U.S. 914 (1965), with *Branche* v. *Board of Educ. of Hempstead*, 204 F. Supp. 150 (E.D. N.Y. 1962); *Blocker* v. *Board of Educ. of Manhasset*, 226 F. Supp. 208 (E.D. N.Y. 1964); *Barksdale* v. *Springfield School Comm.*, 237 F. Supp. 543 (D. Mass.), *vacated on other grounds*, 348 F.2d 261 (1st Cir. 1965); *Booker* v. *Board of Educ. of Plainfield*, 45 N.J. 161, 212 A.2d 1 (1965); *Jackson* v. *Pasadena City Bd. of Educ.*, 59 Cal. 2d 876, 31 Cal. 606, 382 P.2d 878 (1963).

*Brown* (although the Supreme Court has as yet avoided deducing a duty from that recognition[21]) that segregated education is inferior, together with the principle enunciated in *Cooper*[22] and *Griffin*[23] that the Fourteenth Amendment primarily binds the states and not individual school districts created by and subordinate to the states. On this foundation, little more need be alleged than that school districts of widely disparate racial compositions exist side by side, and the State has failed to take any action to bring about a greater racial mixture (and hence equal educational opportunity) in the systems.

Now there are obviously some disadvantages to this approach. It may be simple, but it requires a court to do and decide everything at the same time: declare "de facto" segregation unconstitutional and extend the principles so as to have metropolitan application. It should not be surprising, therefore, that the one case in which this theory was tried, failed.[24] In that case, black Jersey City schoolchildren attacked 1954 state statutes establishing municipality boundaries as school district boundaries, on the ground that most cities were heavily black, most suburbs white, and the resultant racially imbalanced school populations worked a denial of equal protection. The plaintiffs alleged little or nothing about the origins of racially disparate populations in city and suburb or the pattern of school development. Nor did they make any suggestion of what kind of district boundaries would be constitutionally acceptable. At a loss to fill in the gaps and unwilling to accept a "de facto" segregation theory, the district court ruled that plaintiffs had failed to state a cause of action.

One step removed is a Connecticut case, *Lumpkin* v. *Dempsey*.[25] There, the plaintiffs attack Connecticut statutes similar to those involved in the New Jersey case which make the Hartford School District coterminus with the City of Hartford. The complaint noted the growing and substantial black population of Hartford compared to its white suburbs—and alleged that this demographic fact rendered illusory the only method of enlarging the Hartford district sanctioned by Connecticut law: affirmative vote of both city and suburb. For this reason, plaintiffs claimed the state law frustrated even voluntary attempts to overcome racial imbalance by Hartford school authorities. *And*, the failure of the state or its localities to act to relieve growing racial imbalance for a considerable period of time (a failure caused by the limitations of state law) aggravated and perpetuated racial segregation, thus making not just a declaration of the law's invalidity but metropolitan desegregation the required relief.

This was enough to get the Hartford plaintiffs over the *Spencer* v. *Kugler* hurdle of stating a cause of action; a three-judge district court denied a motion to dismiss. Whether this rationale alone will lead to full-scale metropolitanization in Hartford is another, as yet undetermined question.

The ruling on the motion to dismiss is not so surprising. The state law is pretty clearly subject to attack so long as it colorably restricts local boards from desegregating, as the Supreme Court made clear in one of the companion cases to *Swann*.[26] The additional step represents the use in this context of the principles enunciated in recent northern school desegregation cases from Pasadena, Pontiac, Denver, Detroit, Los Angeles and San Francisco[27] to the effect that a complacent failure to act by governmental authorities who are charged with the knowledge that conditions of racial segregation are thereby developing, places legal accountability for these conditions on the governmental entities.

A third line of argument uses traditional equal protection cases about suspect classifications as its opening wedge. The theory is that just as state laws establishing explicit racial classifications are suspect,[28] so also are state-sanctioned practices which produce the same results as explicitly racial legislation might.[29] The existence of discernible differences of treatment along racial lines then requires the state to justify such results by showing a compelling interest in the structures and operations which produce them.

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[21] *Swann* v. *Charlotte-Mecklenburg Bd. of Educ.*, 402 U.S. 1, 23 (1971).

[22] *Cooper* v. *Aaron*, 358 U.S. 1 (1958).

[23] *Griffin* v. *County School Bd. of Prince Edward County*, 377 U.S. 918 (1964).

[24] *Spencer* v. *Kugler*, 326 F. Supp. 1235 (1971) (three-judge court).

[25] Civ. No. 13716 (D. Conn., Jan. 22, 1971) (three-judge court).

[26] *North Carolina State Bd. of Educ.* v. *Swann*, 402 U.S. 43 (1971); see also, *Lee* v. *Nyquist*, 318 F. Supp. 710 (W.D N.Y. 1970), *aff'd mem.* 402 U.S. 935 (1971).

[27] *Spangler* v. *Pasadena City Bd. of Educ.*, 311 F. Supp. 501 (C.D. Cal. 1970); *Davis* v. *School Dist. of Pontiac*, 309 F. Supp. 734 (E.D. Mich. 1970), *aff'd* 443 F.2d 573 (6th Cir.) *cert. denied*, —— U.S. —— (1971); *Keyes* v. *School Dist. No. 1, Denver*, 303 F. Supp. 279. 289 (D. Colo. 1969), 313 F. Supp. 61. 90 (D. Colo. 1970). *rev'd in part on other grounds*. 445 F.2d 990 (10th Cir. 1971) (*cert. pending*); *Bradley* v. *Milliken*, Civ. No. 35257 (E.D. Mich., Sept. 27, 1971): *Crawford* v. *Board of Educ. of Los Angeles*, No. 822–854 (Super. Ct. Cal., Feb. 11, 1970): *Johnson* v. *San Francisco Unified School Dist.*, Civ. No. C–70–1331 SAW (N.D. Cal., July 9, 1971), *stay denied sub nom. Guey Heung Lee* v. *Johnson*, —— U.S. ——, No. A–203 (Aug. 25, 1971) (Mr. Justice Douglas, Circuit Justice).

What distinguishes this from a simple "de facto" argument, and suggests that it might work in a metropolitan context—although not in litigation against single school districts—is that while a court may call a school system's desire to maintain neighborhood schools a compelling interest, such an interest cannot justify maintenance of a boundary line which requires children living close to a school, but on the wrong side of an artificial line, to go farther away to schools in their own district. This plus the wide differentials in school district size and resources suggest the difficulty of showing a compelling state interest in the maintenance of a haphazard quilt of school districts.

Another approach assumes the existence of a duty to desegregate, and suggests the desirability of metropolitanism as a lasting remedy, or as the only feasible remedy. Thus, for example, in a state which has formerly maintained explicitly separate school systems and which has not yet effectively disestablished segregation, a court may consider metropolitan relief under the *Green* v. *New Kent County* aegis of selecting the plan which promises to work. This approach is peculiarly suited to large central city school districts which are heavily black. It has been suggested in two pending metropolitan cases. In Richmond, Virginia, the City School Board moved to join suburban counties in its desegregation lawsuit on the ground that white flight from the heavily black city school system made effective desegregation of the city alone impossible.[30] And in Indianapolis, the district court refrained from ordering city-wide busing and directed the government to joint surrounding school districts for further proceedings on the same basis.[31] Many of these same remedial considerations, along with the lack of compelling educational justification for existing boundaries, underly the New Jersey Supreme Court's *Morristown* decision.[32]

I think it should be evident that none of these theories are mutually exclusive. This suggests an eclectic approach and, indeed, the last two cases I will discuss do take off from an eclectic point of view. The approaches in both cases add to the foregoing, allegations of affirmative discriminatory official conduct directly and indirectly affecting the schools and districts.

It is widely accepted that most suburban areas are closed off to black families by economic and racial discrimination. If it can be shown that official actions of government contribute to *this* pattern, then the agrument can be made that such state-sanctioned housing segregation ought not prevent school desegregation. This attack is strengthened by its acceptance in many individual school district desegregation cases—such as those from Norfolk, Charlotte, Pontiac, Detroit and Tulsa.[33] The role which federal agencies, in particular, have played in the development of segregated housing patterns in this country is well documented[34] and is relatively easy to establish. So, too, are patterns of private discrimination in housing. The Amended Complaint filed by the black intervening plaintiffs in the Indianapolis case[35] reflects this kind of approach, combined with all of the theories I've already mentioned.

My last example is one which is at once the most specific and also the strongest, assuming that the allegations can be proved. It combines everything already mentioned along with a charge that state and local officials have purposefully acted so as to bring about an urban-suburban racial split and so forestall school desegregation. It arises in a southern state where no real attempts at desegregation were made until 1969 or 1970. It lays major emphasis upon both the actions and failures to act of state officials but it also takes into account the deeds of local school districts. It is at once the broadest and narrowest grounds for relief.

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[28] *McLaughlin* v. *Florida*. 379 U.S. 184 (1963); *Loving* v. *Virginia*, 388 U.S. 1 (1967).

[29] *Jackson* v. *Godwin*, 400 F.2d 529 (5th Cir. 1968); *Cypress* v. *Newport News Gen'l & Nonsectarian Hospital Ass'n*, 375 F.2d 648 (4th Cir. 1967); *Hawkins* v. *Town of Shaw*, 437 F.2d 1286 (5th Cir. 1971) (*pending on rehearing en banc*); *Kennedy Park Homes Ass'n, Inc.* v. *City of Lackawanna*, 436 F.2d 108 (2d Cir. 1970) (per Mr. Justice Clark), *cert. denied*, 401 U.S. 1010 (1971).

[30] *Bradley* v. *School Bd. of Richmond*, 51 F.R.D. 139 (E.D. Va. 1970).

[31] *United States* v. *Board of School Comm'rs of Indianapolis*, Civ. No. IP–68–C–225 (S.D. Ind., Aug. 18, 1971).

[32] *Jenkins* v. *Township of Morris School Dist.*, —— N.J. ——, ——A.2d —— (1971).

[33] *Brewer* v. *School Bd. of Norfolk*, 397 F.2d 37 (4th Cir. 1968); *Swann* v. *Charlotte-Mecklenburg Bd. of Educ.*, 300 F. Supp. 1300 (W.D. N.C. 1969); *Davis* v. *School Dist. of Pontiac*. *supra*; *Bradley* v. *Milliken*, *supra*; *United States* v. *Board of Educ., Tulsa*, 429 F.2d 1253 (10th Cir. 1970).

[34] *E.g.*, *Racial Isolation in the Public Schools*. A Report of the U.S. Comm'n on Civil Rights (1967); *Gautreaux* v. *Romney*. —— F.2d ——, No. 71–1703 (7th Cir., Sept. 10. 1971); *Gautreaux* v. *Chicago Housing Auth.*. 296 F. Supp. 907 (N.D. Ill. 1969). *aff'd* 436 F.2d 306 (7th Cir.), *cert. denied*, 402 U.S. 922 (1971); *Shannon* v. *HUD*, 436 F.2d 809 (3d Cir. 1970).

[35] *United States & Buckley* v. *Board of School Comm'rs of Indianapolis*, Civ. No. IP–68–C–225 (S.D. Ind.).

Let me give you an idea of this by reading a few paragraphs from the Amended Complaint filed by the plaintiffs in the Richmond case[36] setting out the claims they have against the newly joined parties: the adjacent counties and the State Board of Education:

> 26. The Commonwealth of Virginia, through its Constitution and laws, the customs, policies, and practices of its legislative, administrative and judicial branches, has enforced and mandated both public and private segregation, the effects of which persist in the affairs of the defendants and which result in deprivation of the Constitutional rights of plaintiffs and the class on whose behalf plaintiffs sue.
>
> 27. The Commonwealth of Virginia, acting through its Constitution and law, the customs, usages, policies and practices of its legislative, administrative and judicial branches, assisted in and encouraged the establishment and maintenance of a segregated society in the Commonwealth of Virginia, exemplified by, among other manifestations, the following: . . . (examples listed a through h) . . . all of which has had and continues to have the purpose and effect of denying equal educational opportunities, and equal opportunities based on education, to black citizens and students by compelling the attendance of black students in segregated schools, and which denies to plaintiffs and the class on whose behalf they sue, the equal protection of the laws guaranteed them by the Fourteenth Amendment.
>
> 28. Through its various instrumentalities, including but not limited to zoning boards, planning commissions and departments, licensing agencies, State-approved realtor organizations, public housing and urban renewal authorities, the defendants herein, and others, and by various methods, including but not limited to State laws or local ordinances prescribing minimum lot sizes and conditioning the construction of publicly-assisted housing facilities, the location of parks and highways, the enforcement of racially restrictive covenants, and others, and pursuant to a policy of racial discrimination, the State and other defendants have established a pattern, practice, custom and usage of racial containment of blacks to prescribed residential areas, with the effect that the Counties of Henrico and Chesterfield have populations whose respective racial compositions are approximately 5% black and school populations approximately 7% black and 8% black whereas the City of Richmond has a population approximately 50% black and a school population approximately 64% black.
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> 34. The State defendants have exercised their powers to require and/or approve interdistrict contractual arrangements with the purpose and effect of maintaining racial segregation and have directly supported, with State funds for pupil transportation, etc., interdistrict contractual arrangements having such effect, but have failed to exercise their powers to carry out their affirmative duty to establish and maintain unitary schools.
>
> 35. The State defendants have approved a pattern of school construction in the County of Henrico around the perimeter of the defendant City of Richmond which results in the establishment of large school complexes having an overwhelmingly white enrollment which provide a school house for white students to the exclusion of black students, and facilitate the maintenance of the pattern of racial separation in the public schools of the City of Richmond and the Counties of Henrico and Chesterfield.
>
> 39. The present boundaries of the defendant school systems serve no *bona fide* educational goals, policies or practices which could not be served equally well by district configurations which do not result in the pattern of racial separation in the public schools of the City of Richmond and the Counties of Henrico and Chesterfield described herein.
>
> 40. Maintenance of the present school district boundaries has the effect of denying black children their Fourteenth Amendment rights to equal educational opportunities and is supported by no compelling State interest in their continuation.

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[36] *Bradley* v. *School Bd. of Richmond*, Civ. No. 3353 (E.D. Va.).

> 42. The continued operation by defendants of discrete school districts and patterns of pupil assignment as described herein results in the effective exclusion of black students from certain schools and in the denial of equal educational opportunities to black students.

What does the future hold for metropolitan desegregation? I have described pending cases in some detail to illustrate that there are so many pegs upon which a court can hang its hat, that it's inevitable that some of these suits are going to succeed soon. Yet I do want to make clear that despite newspaper reports to the contrary, metropolitan desegregation has not yet been ordered anywhere except in Morristown, New Jersey. The other New Jersey case was dismissed; Hartford has not yet been tried. Nor has Indianapolis. In Detroit, where the notion was obliquely raised by white intervenors, the groundwork has been laid but the Court has *not* ruled and further proceedings will not get underway for a few months. But there are increasing signs of the popularity of the notion with litigants and judges. The Grand Rapids School Board brought in surrounding districts as soon as it was sued. The Fifth Circuit last week told district judges in Atlanta to look into the possibility for that system. And the Richmond case has been tried and we expect a ruling soon.

Metropolitan desegregation is the coming thing—and it is so, I think, not merely because school districts are unhappy about the prospect of desegregating majority-black systems, but also because it promises to bring about improvement in education for everyone. Let me go back to my four problems.

Obviously metropolitanization makes desegregation easier. Often the ability to cross district lines means that schools are more accessible to everyone—and desegregation can be achieved with less busing. And city districts which do not operate transportation systems get the benefit of those run by many suburbs to help in what busing must be done. Of course, the reduced availability of areas for "white flight" will assist in stabilizing the new systems. Particularly if such means of desegregation as sectoring are chose, socioeconomic as well as racial desegregation is usually facilitated.

Metropolitanization of school districts can also mean improvement of financial problems as well. In fact, the redrawing of districts is one remedy which could result from *Serrano* and it's one which ought to be given more thought—because some of the schemes proposed in the wake of the California decision could make the cure worse than the ailment. Many school districts—particularly urban districts—could get *less* money under a revised aid scheme than they get now. The failure of the *Serrano* litigants and court, in their haste to avoid the *McInnis* problem of defining educational need, to propose acceptable remedies puts the burden on state legislatures. I would not be surprised if many respond by abolishing the flat grant, minimum foundation and all categorical aid programs, equalizing effective assessment ratios, levying and collecting a uniform property tax on a statewide basis, and then distributing it to the existing school district structures on an equal-dollars-per-pupil basis. Not only will this be extremely bad for the education of minority and disadvantages children, but I wonder how such a restricted revenue base might affect a school district which had in the past negotiated contracts with an affiliate calling for higher than average teachers' salaries.

Metropolitanization, however, could equalize the revenue producing base of local entities without withdrawing the taxing authority from them, and it should also encourage continuation of state categorical aid programs financed out of general revenues. Hopefully an expanded tax base would permit some reductions in property tax rates and thus generate renewed support for school budgets. Even suburbanites will reap some rewards, for many now indirectly support city school systems with which they have no connection by paying commuter and sales taxes to raise general city revenues, thus making possible use of the greater share of the property tax for school purposes. In metropolitan systems, at least their taxation might be accompanied by some representation.

Finally, a legislature freed from the necessity of maintaining an extension foundation grant program by the newly equalized district structures might find it easier to establish trust funds and otherwise ease the burden of capital improvements upon local operating budgets.

I think metropolitanization will facilitate teacher training and retraining programs which are inhibited today not only by the lack of available funds to most districts but also by the intense competition for good teachers among balkanized local entities. And finally, more rationally based metropolitan school district lines should facilitate more rational and more efficient shared specialized programs such as vocational training.

These things, of course, represent an ideal which has not yet been brought to fruition. Yet if I'm correct in predicting the advent of metropolitanization as a desegregated tool, it's in everybody's interest to perfect the new structures as tools of educational reform and progress also.

Local teacher affiliates will want to protect the interests of their members in the transition process. It ought not to result, for example, in a loss of job security. It might be the occasion for increased benefits. You might argue, for example, that no teacher in a metropolitan system ought to receive less than the salary previously paid by any one of the constituent districts to someone of comparable qualifications and experience. The interests of your members will be served in other ways, too—as by ending the tremendous salary differentials which make it so hard for even the most dedicated individual to remain in urban systems.

Metropolitanism need not mean a greater bureaucracy. While finances must ultimately remain central, administration need not. The Richmond School Board's model metropolitan desegregation plan divides the merged area into six subdistricts with local boards, all subject to the ultimate authority of the central board but each with a considerable degree of autonomy. Teachers and teacher organizations can be very helpful in formulating and implementing such structures. You should also consider what representation and collective bargaining changes might be called for by the creation of new district entities.

In summary, I think it is important for you and your clients to understand the coming challenges of metropolitan school desegregation. The process may well be inevitable; it ought not to be resisted but welcomed as an opportunity to consolidate gains already achieved and make further ones. Preparations should begin now to design and implement sound metropolitan programs with the leadership of the entire educational community—particularly teachers.

# Appendix 4

# ITEMS PERTINENT TO THE HEARINGS ON METROPOLITAN ASPECTS OF EDUCATIONAL INEQUALITY

[The Congressional Record, Mar. 16, 1971]

## S. 1282 AND S. 1283—INTRODUCTION OF THE URBAN EDUCATION IMPROVEMENT ACT OF 1971 AND THE GOVERNMENT FACILITIES LOCATION ACT OF 1971

Mr. Ribicoff. Mr. President, 13 months ago we began a dialog in this Chamber about the sickness that is riddling our society: The seemingly inexorable march toward apartheid in the North as well as in the South. Some disagreed then about the magnitude of the problem, but recent figures clearly demonstrate that this country is already well on the road to total racial and economic separation.

The 1970 census found that during the 1960's virtually all central cities became blacker and all suburbs remained as white as ever. Central cities lost 2½ million whites and gained 3 million blacks during the last 10 years. At the same time, the suburbs in the 66 largest metropolitan areas gained 12.5 million whites and only 800,000 blacks.

The South is rapidly urbanizing along northern lines. Southern suburbs will soon be just as white as their northern counterparts while the central cities will be just as black. Atlanta's central city population went from 38.3 percent black in 1960 to 51.3 percent black in 1970 while its suburbs went from 91.3 white of 93.6 white. Houston's suburbs are now 90.7 percent white and New Orleans' are 87.2 percent white.

The meaning of these figures should be obvious. Many have argued that we have residential or de facto segregation in the North which is not illegal the way de jure segregation is in the South. Ironically, that argument may soon immunize southern as well as northern segregation as the South begins to emulate northern segregated living patterns.

Last spring when I argued that we in the North had nothing to be proud of in our own backyards, many assured me that the problem was certainly worse in the South, at least as far as school segregation went. That is simply no longer the case. The most recent figures on school integration show that while only 27.6 percent of black students in the North attend majority white schools, 38.1 percent in the South do.

This country is at a turning point in the crisis of national unity.

No longer is the problem of discrimination regional. Racial isolation is now just as pervasive in the North as it is in the South.

No longer is the question of integration confined to our schools. Segregated education only reflects the underlying residential segregation we have come to accept as normal.

And no longer can those of us in white suburbs formulate solutions affecting only those in increasingly black central cities.

North and South, in schools as well as housing, we must recognize that the divisiveness undermining the strength of this country will end only when we develop a national commitment to attack segregation on a metropolitan-wide basis.

We cannot stand still. We will either move forward or continue the slide toward a racial and economic separation that can only lead to disaster.

Some tentative steps have been taken to confront this problem since I spoke in support of a national policy of desegregation in February of 1970. Following that debate, the Senate established a Select Committee on Equal Educational Opportunity. After spending some time analyzing the problem in the South, that committee has begun to struggle with the difficult problems we have in the North.

The administration also responded to the debate over the Stennis amendment by proposing several weeks later that assistance be given to those schools desegregating under administrative or court order. De facto segregation, however, was basically untouched.

The President's bill in turn encouraged Senator Mondale to introduce this year a bill strengthening the President's proposal and adopting my suggestion that we will provide incentives and assistance for suburban schools to develop integration plans with central city schools.

Each of these moves should be applauded. Each has helped raise the level of the dialog and encouraged many Americans to recognize that we have a problem in the North as well as the South that demands immediate attention.

But more must be done. The danger is that, even with these actions, we will only repeat the mistakes of the past 17 years. We must recognize for once and for all that we cannot require our schools to bear the entire brunt of our attempts to integrate our society.

For years we have assumed that integrated education would lead to an integrated society. Figures in the South show today that while educational integration is increasing, residential segregation is also on the rise. If we allow this to continue in the North as well as the South, we will soon be confronted throughout this Nation with the situation we have in Washington, D.C. Talk about integrating central city schools here is an academic exercise with a school population 94 percent black.

Integrated education is important. It deserves our continued support and assistance. But unless we also open the suburbs to those trapped in the city, we will labor in vain.

I introduced last year a bill to integrate our schools on a metropolitan basis over the next 12 years. I am reintroducing it and submitting testimony to Senator PELL's Subcommittee on Education urging that this bill be reported out by that subcommittee. A copy of that testimony will be included at the end of my remarks.

But even my education bill will ultimately fail if we continue the status quo of all white suburbs and black central cities. We simply cannot shuffle enough students around fast enough by buses, trains, or automobiles to overcome the effects of residential segregation.

On the other hand, if neighborhoods were integrated, supporters of the neighborhood schools concept would find that they had also achieved integrated schools.

We must move, and move quickly, therefore, to begin to breach the growing barriers between the central cities and the suburbs. This is critical not only for blacks but for low- and middle-income whites as well, who are just as excluded by housing costs and zoning laws in suburban areas.

The House Banking and Currency Committee found recently that 28.4 million households—101 million people in this country—cannot afford payments on a $20,000 mortgage. At the same time, studies show that the average cost of homes in the suburbs are far above that amount. The Miami Valley Regional Commission found that housing in the five-county Dayton, Ohio, area averaged $25,000 per unit. The average cost of a new home in Montgomery County, Md., here in the Washington area, is over $40,000, with virtually no homes in the $15,000 to $25,000 range being built.

Solutions to this problem will be complex and difficult. But there is one action we can take now.

Each year, thousands of new jobs open in the suburbs beyond the reach of willing and able workers in the central cities. In fact, in many cases, those jobs moved out of the central cities leaving their workers behind because of the impossibility of finding adequate housing.

The magnitude of the problem is shown not only by the housing costs, but by job development figures. The Census Bureau estimates that the number of males employed in central cities decreased by 2 percent from 1960 to 1970. At the same time, male employment outside the central cities increased by 35.4 percent. Professional and managerial positions were up 81 percent. Service jobs increased 46.9 percent, clerical and sales jobs were up 26.8 percent and general nonfarm labor rose 26.6 percent.

In St. Louis, jobs in the central city declined by 9 percent while those in the suburbs rose 144 percent. In Baltimore, jobs in the suburbs increased 161 percent while those in the city rose only 6 percent. In Washington, while central city jobs rose 38 percent, those in the suburbs were up by 352 percent.

The suburbs, indeed, are the new America where jobs and housing are located. We cannot continue to exclude Americans from that development simply because of the color of their skin or the size of their paycheck.

The problem is serious generally. But it is unconscionable in those instances where a facility is relocating or expanding in a suburban area where its workers will be unable to live. In that situation, the suburb gets all the economic benefits of the facility and assumes none of the burdens of providing for all of its workers. Many low and middle income workers of the facility, both blacks and whites, are either forced to become long distance commuters or move into the already overcrowded labor market in the city with unemployment often the result.

We are not talking here about moving welfare recipients into the suburbs. Nor are we building public housing. We are talking about men and women with jobs—in fact the very jobs that are moving into the community.

The legislation I reintroduce today, therefore, makes it a requirement that adequate housing be made available for low- and middle-income employees, both black and white, in a community before a Federal or State government facility or a Federal contractor can locate or expand in the community. This is only fair and equitable.

My legislation also recognizes the financial plight in which many suburbs now find themselves. Much of the ipposition to the provision of low- and middle-income housing in these areas stems from fears that taxes will have to be raised to maintain existing levels of municipal services, particularly education. This fear comes not only from affluent members of the community, but from many middle income people already there who fear the impact in school budgets of more children whatever their color.

Since from 50 to 65 percent of most suburban budgets is devoted to educational expenses, my bill provides assistance for education to any suburb that makes available the housing required by this legislation.

Some have argued that no assistance should be provided to such suburbs. The mere fact that they get the facility should be sufficient incentive.

In many cases, that may well be true. But I am equally concerned about the numerous suburbs that would be willing to cooperate if they were assured that the level of their educational activities would not suffer or be burdened by new arrivals.

An analysis of the Massachusetts anti-snob zoning law has shown that a major reason for its ineffectiveness is that it ignores the economic and tax consequences imposed on suburbs that admit low- and middle-income people. In particular, the failure to adjust school aid formulas for suburbs has been highlighted as a major area of concern.

I am pleased that Senator **CRANSTON** and Senator **BROOKE**, both members of the Banking and Currency Committee, have agreed to cosponsor this bill with me this year. Their commitment to equality of opportunity for all Americans, white and black, is well known and this bill will have strong and effective advocates in the committee this year.

Enactment of this legislation will help stem the drift toward separatism in this country. On the other hand, it will only be a first step. More must be done.

But the time for action is now. We have talked and quibbled too long about the nature of the problem confronting us and dealt too long with stereotypes.

Talk abounds about "forced integration."

It is not forced integration to allow a man to live near his job.

It is not forced integration to remove the existing barriers confronting low-income and minority members of this society that keep them from living where they would like.

And it is not forced integration to provide this Nation with a national goal and commitment to end the racial isolation that threatens more than anything else to tear this country apart.

At the same time, we cannot afford to continue to argue in the North who, if anyone, is responsible for the segregation we can all see around us. It is clear that this segregation did not just "happen." There is nothing accidental about the fact that in city after city in the North, the blacks and the poor are concentrated in slums in the central cities while the whites increasingly are isolated in the surrounding suburbs. The impact of zoning practices, school districting decisions, municipal incorporations and FHA housing policies is well known.

In fact, I am confident that cases could be brought and won to establish that there is as much "state action" behind de facto segregation as there is behind de jure. We may have been more artful about catering to our biases in the North, but we have been no less ruthless in imposing them.

But there is enough guilt to go around without subjecting the courts to the burden of endless litigation about the impact of a given zoning ordinance or a particular school location. I am disturbed, therefore, at the suggestion of some of integration's strongest supporters that such litigation is necessary before sufficient grounds exist for action.

How ironic it is that those of us in the North who have so long urged integration upon the South are now hesitant and suddenly tentative, when the issue is brought home to us. Our unwillingness to move vigorously in the North only illustrates the magnitude of the problem confronting this country. The difficulty of the solution has never in the past been sufficient to justify delay and obstruction. I see no reason to change now.

The people of this country have a reservoir of commonsense and decency and a great desire in these days of turbulence for reasonable, responsible leadership. Such leadership will not be found by consulting the latest public opinion polls. It will not be found in the continued mouthings of words we either don't mean or don't understand. It will only come from a willingness to recognize the danger we face and to deal with it honestly.

I ask unanimous consent that the following exhibits be printed at this point in the Record:

Exhibit I: Statement of Senator Ribicoff submitted to the Education Subcommittee of Senate Labor and Public Welfare Committee, March 17, 1971.

Exhibit II: Census Bureau figures showing population changes in selected metropolitan areas.

Exhibit III: HEW statistics on school integration.

Exhibit IV: Census Bureau Statistics on Employment in metropolitan areas together with explanatory letter of Bureau Director George H. Brown.

Exhibit V: Text of Urban Education Improvement Act of 1971.

Exhibit VI: Section-by-section analysis of Urban Education Improvement Act of 1971.

Exhibit VII: Text of Government Facilities Location Act of 1971.

Exhibit VIII: Section-by-section analysis of Government Facilities Location Act of 1971.

Exhibit IX: Questions and answers relating to these two bills.

There being no objection, the matters were ordered to be printed in the Record, as follows:

### "Exhibit I

### "STATEMENT OF SENATOR ABE RIBICOFF SUBMITTED TO THE EDUCATION SUBCOMMITTEE OF THE SENATE LABOR AND PUBLIC WELFARE COMMITTEE, MARCH 17, 1971

"Mr. Chairman, I am pleased to have this opportunity to support S. 683, the Quality Integrated Education Act of 1971, which I cosponsored on February 9 with Senator Mondale and sixteen other Senators of both political parties and to urge this Subcommittee to consider favorably the "Urban Education Improvement Act of 1971" which I am introducing today.

"Our society continues its inexorable march toward a complete division into two camps, one white and one black. And our schools, being part of that society, follow.

"Our cities are increasingly populated by minority groups and our suburbs take on the character of an encircling white noose. Our schools, drawing pupils as a consequence of geography, follow suit.

"We used to think that segregation in America was a problem of one region, the South. And then we found that in the North only 27.6 percent of black students attend majority white schools while in the South the figure is nearly half again as high—38.1 percent.

"We thought the problem was confined primarily to our schools but now we know the cancer goes to the heart of our society. The problem is not just school segregation. It is real estate practices, VA and FHA mortgage policies, zoning ordinances, and a host of other factors which deliberately or inadvertently sustain the Nation's drift toward separatism.

"We have debated the relative evils of de jure and de facto segregation. But there is no more time for debate. Segregation is wrong, whatever its form and whatever the labels we attach to it. Segregation means that white people don't think black, brown, or red children are good enough to associate with their children. However the message of segregation comes, whether de jure or de facto, is irrelevant. What counts is the damage that it does to minority and majority alike, to young and to old, to individuals and to the Nation as a whole.

"We are dealing with a national problem. We must find a national solution.

"The Nation has addressed this problem twice before. In the Supreme Court Brown decision of 1954 and the Civil Rights Act of 1964, the Nation has worked—

in fits and starts—to end segregation in the South. We in the North, however, by preserving for far too long the distinction between de facto and de jure segregation and by regarding the question of desegregation as entirely a Southern problem, may have won a victory only to lose the larger war.

"The time has come to establish—clearly and unequivocally—a national policy for the integration of American society. S. 683 is an important beginning in establishing that policy.

"The same cannot be said for the proposal offered by the Administration. No one can argue that school systems throughout this country do not need the one billion, five hundred million dollars authorized by the President's bill. In city after city we see the spectre of schools and school districts going bankrupt financially as well as educationally. Local property taxes have long been an inadequate and regressive base upon which to build educational excellence.

"But if we are anxious simply to provide more funding to disadvantaged schools, let us increase appropriations for Title I of the Elementary and Secondary Education Act. Let us not deceive the people of this country by claiming that the money is going to end racial isolation in this nation's schools.

"Yet, that is just the deception practiced by the Administration's bill. It sets not national policy or goal to end racial isolation throughout this country. Instead, it perpetuates the dual standard of forcing the South to do one thing while allowing the North in similar situations to exercise local option.

"The bill in effect, moves against segregation in the North only where someone else is willing to take the political heat. If a local mayor or school board member is willing to assume the task of selling the goal of integration on the local level, funds may be available under this act. But the Congress makes no decision whether this is a necessary or even desirable goal.

"Moreover, the Administration's bill does nothing to attack the problem of segregation where it is most virulent—in the relationship between the suburbs and central cities across our country. The focus remains on individual school districts notwithstanding the evidence that all that will hapen when we narrow our focus in this way is that whites will flee to the surrounding suburbs. The poor and the blacks will be left to share deteriorating schools and financially bankrupt cities.

"If we are going to spend one and a half billion dollars in two years to begin to end racial isolation in the schools of this country, I think we have an obligation to consider more than the Administration's inadequate bill. That is why I am here this morning to support S. 683.

"S. 683 defines the goal as integration rather than simply desegregation. It establishes strong standards before proposed programs can be eligible. It invites and requires parent and student participation. It earmarks funds for inter-district, metropolitan integration efforts and establishes a standard of integration to be achieved in such efforts. It provides funds to experiment with educational parks in metropolitan areas.

"Even these important steps forward can and should be strengthened, however. For example, we should move beyond individual school and focus on entire school districts. S. 683 as currently drafted leaves open the possibility that school districts could integrate only a small sample of their schools, thus practicing the worst form of tokenism.

"Second, I think that the bill should make it clear that it seeks stable, quality integrated schools as an objective rather than as an initial criteria for funding. We should support and encourage those schools that now offer stable enrollment and quality programs. But greater encouragement should be given to positive attempts to generate more of these schools throughout the Nation.

"Third, I urge you to examine carefully the criteria which limits the eligibility of school districts based on the number and percentage of minority children. The districts covered include most children, both minority and majority, in racially isolated schools. But we must also offer incentives and assistance to such schools wherever they exist.

"My major purpose in coming before you this morning, however, is to urge you to be even bolder. S. 683 is a fine beginning. We need to provide assistance for those schools already desegregating. And we need to encourage schools within a given school district or city to begin to end racial isolation. But, ultimately, we will fail if we do not involve the suburbs with the central cities in the solution to our problems.

"Therefore, I am reintroducing today The Urban Education Improvement Act of 1971 which I first introduced last November.

"This bill requires state and local educational agencies in metropolitan areas throughout the country to develop and implement plans to reduce and eliminate minority-group isolation in the public schools whatever the cause of such isolation. Financial assistance would be granted for the development of such plans. Each plan must provide that within 10 years every school in a metropolitan area will have a percentage of minority-group students equal to at least one-half the percentage of minority-group students in the metropolitan area as a whole.

"For example, the percentage of minority-group children in the Baltimore metropolitan area is about 32%. Under my bill, each school in the Baltimore area would be required to have a minority-group population of at least 16% no later than 10 years after adoption of an acceptable plan.

"Substantial progress toward this goal would be required each year.

"Noncooperating school districts would be deprived of all Federal education funds and states that funds such noncooperating districts would lose Federal funds for statewide programs.

"This bill is designed to learn from the lessons of the last sixteen years. It is now clear that we must offer financial incentives and assistance to those we ask and require to undertake new burdens. We cannot reasonably expect state and local educational agenices to fund new programs out of existing, often inadequate budgets.

"In addition, while we should seek to end racial isolation as soon as possible, we must recognize that this cannot be done immediately. No two-year program devised by anyone will create stable, quality integrated education throughout this country. On the other hand, left to their own devices, local communities will continue to emphasize 'deliberate' and not 'speed.' We need a realistic, but firm, deadline.

"Enactment of these provisions of my bill is essential if we are to achieve the goals of S. 683. The provision of 150 million dollars under S. 683 during the next two years for programs of interdistrict cooperation in effect establishes a pilot program for metropolitan area integration. This provision was added after introduction of my bill last year as a beginning toward the goals of my legislation and is a major reason for my support of S. 683.

"A two year pilot program will enable us to gain experience at the local and national level regarding the best methods for dealing with the relationships of the suburbs and our control cities.

"Without a clear understanding, however, that this two year pilot program is simply the precursor for a national program, the results of the program will be of limited use. Only if state and local authorities know that commencement of a national program is inevitable will many of them be anxious to get in on the ground floor. Otherwise, local leaders will be forced to convince the local electorate that they should begin a program that is not required and will not be adopted by other communities in the foreseeable future. Many local leaders will be unwilling or unable to carry this burden.

"The net effect of the adoption of S. 683 without a national commitment will be a lengthy debate in Congress now, two years of pilot programs only in those special areas where people can be convinced to act, and no guarantee that anything else will happen. Once again, we will have raised expectations with our preambles only to dash them with our fine print.

"The better solution, it seems to me, is to provide the pilot programs of S. 683 and the follow-up national commitment and twelve year plan of my bill, the Urban Education Improvement Act. My bill leaves the selection of techniques to be used to accomplish its goal to the local educational agencies of the metropolitan area. Therefore, experience gained during the two years of pilot programs could easily be shared and accumulated.

"A number of possible techniques are identified in my bill, including construction of magnet schools and educational parks together with school redistricting, pairing and transportation. But it should be clear that this bill is not simply or primarily a bussing bill. If transportation is identified as a useful technique in a city, my bill requires that the burden shall fall equitably on minority and majority children. But, if we have to depend solely upon bussing children from one area to another on a metropolitan-wide basis to achieve integration, we will fail no matter what bill or plan we adopt.

"Success will come only if we open up the suburbs for housing as well as education. Experience has shown that we will never have truly integrated schools until we have an integrated society. Schools have borne the burden of integration alone too long.

"This does not mean we should not attack the segregation in our schools. We must.

"But we must also attack the segregation in our society at the same time. I am also reintroducing today, therefore, my Government Facilities Relocation Act which requires government facilities and government contractors to expand or locate only in those communities willing to provide adequate housing for the facilities' low and middle-income employees. If enacted, this bill would be a significant first step toward ending the residential segregation we face.

"My two bills are only a part of what must be a many-faceted attack on the problem of segregation in American society. We must wage that battle wherever it needs to be fought and with whatever legislative weapons we can forge.

"S. 683 is an important beginning in the battle on the education front. By conceiving of it as an opening experiment and adding my bill as an amendment, I think we can effectively and equitably integrate the schools of America. This should be our goal and our promise to our children and our Nation."

EXHIBIT II

POPULATION CHANGE FOR WHITE AND BLACK POPULATION IN SELECTED METROPOLITAN AREAS OF 500,000 OR MORE, BY CENTRAL CITY AND RING—1960 TO 1970

| SMSA, central city and ring | Percent of population white | | Percent of population black | |
|---|---|---|---|---|
| | 1960 | 1970 | 1960 | 1970 |
| NORTHERN CITIES | | | | |
| New York | 88.0 | 82.0 | 11.5 | 16.3 |
| Central city | 85.3 | 76.6 | 14.0 | 21.2 |
| Suburbs | 95.0 | 93.6 | 4.8 | 5.9 |
| Detroit, Mich | 84.9 | 81.4 | 14.9 | 18.0 |
| Central city | 70.8 | 55.5 | 28.9 | 43.7 |
| Suburbs | 96.2 | 96.0 | 3.7 | 3.6 |
| Chicago, Ill | 85.2 | 81.3 | 14.3 | 17.6 |
| Central city | 76.4 | 65.6 | 22.9 | 32.7 |
| Suburbs | 96.9 | 96.0 | 2.9 | 3.5 |
| Philadelphia, Pa | 84.3 | 81.9 | 15.5 | 17.5 |
| Central city | 73.2 | 65.6 | 26.4 | 33.6 |
| Suburbs | 93.8 | 92.9 | 6.1 | 6.6 |
| San Francisco-Oakland, Calif | 87.5 | 82.8 | 8.5 | 10.6 |
| San Francisco | 79.0 | 74.1 | 10.0 | 13.4 |
| Oakland | | 59.1 | 22.8 | 34.5 |
| Suburbs | 93.7 | 91.0 | 4.4 | 5.4 |
| Baltimore, Md | 78.3 | 75.8 | 21.4 | 23.7 |
| Central city | 65.1 | 53.0 | 34.7 | 46.4 |
| Suburbs | 92.8 | 93.5 | 7.0 | 6.0 |
| Washington, D.C | 75.5 | 74.3 | 23.9 | 24.6 |
| Central city | 45.6 | 27.6 | 53.9 | 71.1 |
| Suburbs | 93.3 | 91.0 | 6.3 | 7.9 |
| SOUTHERN CITIES | | | | |
| Atlanta, Ga | 77.2 | 77.4 | 22.8 | 22.3 |
| Central city | 61.8 | 48.5 | 38.3 | 51.3 |
| Suburbs | 91.3 | 93.6 | 8.5 | 6.2 |
| Houston, Tex | 80.3 | 79.9 | 19.5 | 19.3 |
| Central city | 76.9 | 73.3 | 22.9 | 25.7 |
| Suburbs | 86.9 | 90.7 | 12.9 | 8.8 |
| New Orleans, La | 69.1 | 68.6 | 30.6 | 31.0 |
| Central city | 62.6 | 54.5 | 37.2 | 45.0 |
| Suburbs | 83.9 | 87.2 | 15.9 | 12.5 |
| CONNECTICUT CITIES | | | | |
| Bridgeport, Conn | 94.7 | 92.0 | 5.2 | 7.4 |
| Central city | 90.0 | 82.7 | 9.8 | 16.3 |
| Suburbs | 98.8 | 98.3 | 1.1 | 1.5 |
| Hartford, Conn | 94.6 | 91.9 | 5.2 | 7.6 |
| Central city | 84.5 | 70.8 | 15.4 | 27.9 |
| Suburbs | 98.9 | 98.5 | 1.0 | 1.3 |
| New Haven, Conn | 92.3 | 87.7 | 7.5 | 11.6 |
| Central city | 85.1 | 72.6 | 14.5 | 26.3 |
| Suburbs | 98.8 | 97.3 | 1.1 | 2.3 |
| Stamford, Conn | 94.8 | 92.2 | 5.0 | 7.3 |
| Central city | 91.8 | 87.0 | 8.0 | 12.3 |
| Suburbs | 98.0 | 98.0 | 1.8 | 1.8 |
| Waterbury, Conn | 95.9 | 94.1 | 4.0 | 5.6 |
| Central city | 93.3 | 89.4 | 6.6 | 10.0 |
| Suburbs | 99.6 | 99.2 | .4 | .7 |

Note: Columns do not total 100 percent because nonwhite groups within the population other than Negroes are not included.

Source: U.S. Census Bureau, U.S. Department of Commerce.

## EXHIBIT III

### NEGRO PUPILS IN ALL DISTRICTS:[1] FALL 1968, FALL 1970—NUMBER AND PERCENT OF NEGRO PUPILS ATTENDING PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

| | | | Negro pupils attending— | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 0–49.9 percent minority schools | | 80–100 percent minority schools | | 100 percent minority schools | |
| Geographic area | Total pupils | Negro pupils | Number | Percent | Number | Percent | Number | Percent |
| Continental United States: | | | | | | | | |
| 1968 | 43,353,568 | 6,282,173 | 1,467,291 | 23.4 | 4,274,461 | 68.0 | 2,493,398 | 39.7 |
| 1970, estimate | 44,774,679 | 6,723,950 | 2,206,521 | 32.8 | 3,378,231 | 50.2 | 1,076,033 | 16.0 |
| 32 North and West:[2] | | | | | | | | |
| 1968 | 28,579,766 | 2,703,056 | 746,030 | 27.6 | 1,550,440 | 57.4 | 332,408 | 12.3 |
| 1970 estimate | 29,162,896 | 2,865,059 | 792,442 | 27.7 | 1,645,508 | 57.4 | 341,354 | 11.9 |
| 11 South:[3] | | | | | | | | |
| 1968 | 11,043,485 | 2,942,960 | 540,692 | 18.4 | 2,317,850 | 78.8 | 2,000,486 | 68.0 |
| 1970 estimate | 11,738,916 | 3,187,684 | 1,215,089 | 38.1 | 1,328,137 | 41.7 | 587,172 | 18.4 |
| 6 Border and District of Columbia:[4] | | | | | | | | |
| 1968 | 3,730,317 | 636,157 | 180,569 | 28.4 | 406,171 | 63.8 | 160,504 | 25.2 |
| 1970 estimate | 3,872,867 | 671,207 | 198,990 | 29.6 | 404,586 | 60.3 | 147,507 | 22.0 |

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[1] Districts with fewer than 300 pupils are not included in the survey. 1970 figures are estimates based on latest available data and are subject to variation upon final compilation.

[2] Alaska, Arizona, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin, Wyoming.

[3] Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia.

[4] Delaware, District of Columbia, Kentucky, Maryland, Missouri, Oklahoma, West Virginia.

## EXHIBIT IV

### NUMBER OF EMPLOYED CIVILIANS 14 YEARS OLD AND OVER BY NONFARM OCCUPATION GROUPS AND RESIDENCE IN 1960 AND 1970

| Nonfarm occupation | Metropolitan areas | | | In central cities | | | Outside central cities | | | Nonmetropolitan areas | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1960[1] | 1970[2] | Percent change | 1960[1] | 1970[2] | Percent change | 1960[1] | 1970[2] | Percent change | 1960[1] | 1970[2] | Percent change |
| **MALE** | | | | | | | | | | | | |
| Total | 27, 520 | 31, 910 | 16. 0 | 14, 333 | 14, 049 | −2. 0 | 13, 187 | 17, 861 | 35. 4 | 12, 356 | 14, 474 | 17. 1 |
| Professional and managerial | 6, 522 | 9, 873 | 51. 4 | 3, 151 | 3, 760 | 19. 3 | 3, 371 | 6, 113 | 81. 3 | 2, 600 | 3, 915 | 50. 6 |
| Clerical and sales | 4, 604 | 5, 045 | 9. 6 | 2, 487 | 2, 360 | −5. 1 | 2, 117 | 2, 684 | 26. 8 | 1, 491 | 1, 532 | 2. 7 |
| Craftsmen and foremen | 5, 668 | 6, 454 | 13. 9 | 2, 656 | 2, 685 | 1. 1 | 3, 012 | 3, 768 | 25. 1 | 2, 720 | 3, 201 | 17. 7 |
| Operatives | 5, 524 | 6, 066 | 9. 8 | 2, 918 | 2, 858 | −2. 1 | 2, 606 | 3, 208 | 23. 1 | 3, 099 | 3, 596 | 16. 0 |
| Private household workers | 29 | 42 | (3) | 16 | 13 | (3) | 13 | 28 | (3) | 23 | 20 | (3) |
| Other service workers | 1, 879 | 2, 325 | 23. 7 | 1, 177 | 1, 294 | 9. 9 | 702 | 1, 031 | 46. 9 | 721 | 920 | 27. 6 |
| Nonfarm laborers | 1, 802 | 2, 106 | 16. 9 | 990 | 1, 078 | 8. 9 | 812 | 1, 028 | 26. 6 | 1, 166 | 1, 290 | 10. 6 |
| Occupation not reported | 1, 492 | (4) | (5) | 938 | (4) | (5) | 554 | (4) | (5) | 536 | (4) | (5) |
| **FEMALE** | | | | | | | | | | | | |
| Total | 14, 232 | 20, 102 | 41. 2 | 8, 294 | 9, 745 | 17. 5 | 5, 938 | 10, 356 | 74. 4 | 6, 445 | 9, 586 | 48. 7 |
| Professional and managerial | 2, 346 | 3, 981 | 69. 7 | 1, 303 | 1, 840 | 41. 2 | 1, 043 | 2, 141 | 105. 3 | 1, 172 | 1, 763 | 50. 4 |
| Clerical and sales | 5, 853 | 8, 943 | 52. 8 | 3, 336 | 4, 300 | 28. 9 | 2, 517 | 4, 643 | 84. 5 | 2, 018 | 3, 203 | 58. 7 |
| Craftsmen and foremen | 184 | 224 | 21. 7 | 105 | 114 | 8. 6 | 79 | 109 | 38. 0 | 75 | 103 | 37. 3 |
| Operatives | 2, 124 | 2, 552 | 20. 2 | 1, 252 | 1, 275 | 1. 8 | 872 | 1, 277 | 46. 4 | 1, 129 | 1, 802 | 59. 6 |
| Private household workers | 999 | 1, 199 | 20. 0 | 646 | 552 | −14. 6 | 353 | 646 | 83. 0 | 646 | 796 | 23. 2 |
| Other service workers | 1, 779 | 3, 138 | 76. 4 | 1, 026 | 1, 624 | 58. 3 | 753 | 1, 514 | 101. 1 | 1, 081 | 1, 856 | 71. 7 |
| Nonfarm laborers | 58 | 65 | (3) | 37 | 40 | (3) | 21 | 25 | (3) | 44 | 63 | (3) |
| Occupation not reported | 889 | (4) | (5) | 589 | ---------- | (5) | 300 | (4) | (5) | 280 | (4) | (5) |

[1] 1960 census of population and housing.
[2] 1970 current population survey.
[3] Base less than 75,000.
[4] Occupations not reported were allocated.
[5] Not applicable.

Note on reliability of the data.—These figures are estimates derived from a sample survey of households and therefore, are subject to sampling variability. Moreover, as in all field surveys of income, the figures are subject to errors of response and nonreporting.

Source: Current population survey Bureau of the Census.

"U.S. DEPARTMENT OF COMMERCE,
"*Washington, D.C., February 4, 1971.*

"Hon. ABRAHAM A. RIBICOFF,
"*U.S. Senate, Washington, D.C.*

"DEAR SENATOR RIBICOFF: In response to a telephone request from Mr. Bowler, we are forwarding two tables showing the number of employed civilians 14 years old and over in April 1960 and March 1970 and median earnings in income years 1959 and 1969 (in 1969 constant dollars) for all employed civilians 14 years old and over, by nonfarm occupation groups and by residence in metropolitan areas, in or outside of central cities in metropolitan areas, and nonmetropolitan areas. The data for 1960 (and 1959 earnings) were obtained from the Census of Population and Housing while the data for 1970 (and 1969 earnings) were obtained from the March Current Population Survey. Consequently, these data may not be strictly comparable.

"All of these figures are estimates derived from a sample survey of households, and are subject to sampling variability. Moreover, as in all field surveys of income, the figures are subject to errors of response and nonreporting.

"Please let us know if we can be of any further assistance.

"Sincerely,

"GEORGE H. BROWN,
"*Director, Bureau of the Census.*"

"EXHIBIT V

"S. 1283

## "URBAN EDUCATION ACT OF 1971

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### "PURPOSES AND FINDINGS

"SEC. 201. The Congress finds that:

"(a) Minority group isolation in our public schools, regardless of the origin of such isolation, causes irreparable harm to the children of this Nation;

"(b) Minority group isolation in the public schools of our Nation's metropolitan areas, where the majority of our children live, is increasing and intensifying;

"(c) Minority group isolation in large part results from housing, zoning, education, and other economic, social, and political policies and decisions of government at all levels;

"(d) The general welfare of this Nation requires the elimination of minority group isolation in public schools wherever and how it occurs; and

"(e) This Nation must therefore commit its moral strength and financial resources to the achievement of this goal.

"SEC. 202. It is the purpose of this Act—

"(a) to require State and local educational agencies in metropolitan areas throughout this country to develop and implement plans which will reduce and eliminate minority group isolation in our public schools, whatever the cause of such isolation; and

"(b) to provide financial assistance to assist State and local educational agencies to develop and implement such plans.

### "DEFINITIONS

"SEC. 301. As used in this Act, except when otherwise specified—

"(a)(1) The term 'minority group children' means:

"(A) children, aged five to nineteen, inclusive, who are Negro, American Indian, or Spanish-surnamed Americans; and

"(B) as determined by the Secretary, children of such ages from environments where the dominant language is other than English and who, as a result of limited English-speaking ability, are educationally deprived.

"(2) The term 'Spanish-surnamed American' includes persons of Mexican, Puerto Rican, Cuban, or other Latin American or Spanish origin or ancestry.

"(b) The term 'racial separation' 'minority group isolation' means a condition in which minority group children in a school constitute more than 50 per centum of the average daily enrollment of that school. The term 'racially separated' 'minority group isolated' refers to a school in which such condition of racial separation minority group isolation exists.

"(c) The term 'school' means those elementary and secondary public schools of a State which are located within a standard metropolitan statistical area (SMSA).

"(d) The term 'State educational agency' means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law for this purpose.

"(e) The term 'local educational agency' means a public board of education or other public authority legally constituted within a State for either administrative control, or direction of, public elementary or secondary schools in a district or other unit of the State, or a combination of such districts or other units and includes any other public institution or agency having administrative control and direction of a public elementary or secondary school: *Provided*, That the term shall not refer to any such agency located outside an SMSA.

"(f) The term 'noncooperating local educational agency' means any local educational agency which refuses or has refused to participate in the preparation, submission, revision, or implementation of an acceptable plan as required by this Act.

"(g) The term 'cooperating local educational agency' means any local educational agency that has participated in the preparation, submission, revision, and implementation of an acceptable plan as required by this Act.

"(h) The term 'State' means any State in which there is an area defined as a standard metropolitan statistical area, and the District of Columbia.

"(i) The term 'Standard Metropolitan Statistical Area' or 'SMSA' means the area in and around cities of fifty thousand inhabitants or more as defined by the Office of Management and Budget: *Provided*, That the term shall mean only that portion of any standard metropolitan statistical area which lies wholly within the boundaries of one State. Each portion of an SMSA in a different State shall be considered an independent SMSA for purposes of this Act.

"(j) The term 'Secretary' means the Secretary of Health, Education, and Welfare or his designee.

"(k) The term 'Federal educational funds' means Federal funds appropriated for grants, loans, contracts, or other financial assistance to a State educational agency, a local educational agency, an individual school, or to an individual in compensation for services rendered such organizations. This term shall not mean funds which go to individuals in the form of scholarship, fellowships, loans, cost-of-education payments, or other such assistance which is designed to further that individual's education, nor shall it mean funds which are to assist private, nonprofit organizations in the provision of education in pre-elementary and elementary situations.

### "THE PLAN

"SEC. 401. Each State shall prepare and file with the Secretary for his approval, in accordance with regulations issued by him, a plan under which it will establish and supervise the operation in each SMSA of an SMSA agency to develop with the local educational agencies within the SMSA a plan to reduce minority group isolation in their schools: *Provided*, That, should any State refuse to comply with the provisions of this Act, the local educational agencies within an SMSA may then independently create or assume control of such an SMSA agency.

"SEC. 402. The plan developed by each such SMSA agency shall—

"(a) contain the proposals by which the local educational agencies within an SMSA agree to reduce minority racial separation group isolation in their schools;

"(b)provide that by a date approved by the Secretary, but in no event later than July 1, 1983, the percentage of minority group children enrolled in each school of the SMSA shall be at least 50 per centum of the percentage of minority group children enrolled in all the schools of that SMSA;

"(c) include the use of techniques, as appropriate in local circumstances, such as redrawing school boundaries, creating unified school districts, pairing schools or school districts, establishing educational parks and magnet schools as well as other techniques designed to end as soon as possible racial separation, minority group isolation in all schools within the SMSA;

"(d) provide for the establishment of committees composed of local parents, teachers, and students, the members of such committees to be representative of the minority and majority population groups of the SMSA as a whole and the geographical areas within the SMSA, to advise the local education agencies and the SMSA agency, in open consultation including public hearings at which such persons have had a full opportunity to explore and discuss the program for which assistance is being sought and to offer recommendations thereon, regarding the development of the plan required by this Act and to report periodically to the Secretary on the extent of compliance with the requirements of this Act;

"(e) set forth such policies and procedures as will insure that the program for which assistance is sought will be operated in consultation with, and the involvement of, parents of the children and representatives of the area to be served, including the committees established for the purposes of section 402(d);

"(f) provide that in each year of operation of the plan, substantial progress toward fulfilling the requirements of this Act shall be made; and

"(g) provide that State financial assistance to local educational agencies within each SMSA shall not be so calculated, based, rated, or fixed in any manner as to result in the conditions that the per pupil contribution of the State to any racially separated minority group isolated school within the SMSA shall be less than per pupil contribution of the State to any nonracially separated nonminority group isolated school within the SMSA.

"SEC. 403. (a) The plan required by section 402 must be submitted to and approved by the Secretary no later than July 1, 1973.

"(b) The Secretary is authorized to promulgate and issue regulations regarding the time and manner of submission of such plans for his approval.

"SEC. 404. In extreme and unusual cases should the Secretary determine that the size, shape, or population distribution of an SMSA would make inclusion of some parts of that SMSA in a plan unnecessary for fulfillment of the purposes of this Act or excessively disruptive of the educational process, he may exempt such parts from participation in the plan. Such exemptions shall be in writing, fully explained and justified, and freely available to the public and the committees established for the purposes of section 402(d).

"SEC. 405. Each SMSA agency shall annually prepare and file in accordance with regulations issued by the Secretary a report setting forth the results achieved under the plan and any necessary amendments to the plan to correct any deficiency of the plan. The Secretary shall assure that the plan and any reports filed with the Secretary in accordance with this section shall be made readily available to the public and to the committees established for the purposes of section 402(d).

"SEC. 406. The Secretary is directed to review annually the plan and the reports of each SMSA agency. If the Secretary finds that for any reason the purposes of this Act are not being effectuated by the plan and any amendments thereto he shall, after giving appropriate notice to all concerned parties, withdraw his approval of the plan and each local educational agency in question will be treated as a noncooperating local educational agency: *Provided*, That if within a period prescribed by the Secretary, but in no event exceeding one hundred and eighty days following the Secretary's withdrawal of approval, the local educational agencies through their SMSA agency submit a revised plan approved by the Secretary, the local educational agencies within the SMSA shall be entitled to receive all funds withheld during the period.

"SEC. 407. (a) Because of its unique circumstances, the SMSA for the District of Columbia shall include for purposes of this Act Montgomery and Prince Georges Counties in Maryland, Arlington, Fairfax, and Prince William Counties in Virginia, and the cities of Falls Church and Alexandria in Virginia, notwithstanding the provisions of section 301(1) of this Act.

"(b) A single plan shall be designed and submitted by all local educational agencies included in the District of Columbia SMSA: *Provided*, That the existence of noncooperating local educational agencies within this SMSA shall not affect the status of cooperating local educational agencies.

"SEC. 408. No State or local educational agency shall formulate or administer its plan in a manner that will result in the separation of minority group children within a school or classroom.

### "FINANCIAL ASSISTANCE

"SEC. 501. PLANNING FUNDS.—

"(a) Within six months of the date of enactment of this Act, the Secretary shall notify each State and local educational agency within an SMSA of the requirements of this Act.

"(b) The Secretary shall issue regulations establishing procedures and a timetable according to which SMSA agencies required to file a plan under this Act may apply for funds authorized to be appropriated by this Act.

"(c) Upon application meeting the standards established by the Secretary, the Secretary shall grant to each SMSA agency funds for the development of a plan to reduce minority racial separation group isolation pursuant to the requirements of this Act, the amount of such funds being determined by the number of minority group students and the number of all students enrolled in schools in the SMSA.

"SEC. 502. (a) Each year following the implementation of an approved plan, cooperating local educational agencies, through their SMSA Agency, may submit to the Secretary applications for financial assistance.

"(b) An application for assistance under this Act may be approved by the Secretary only if he determines that—

"(1) such application—

"(A) sets forth a plan which is sufficiently comprehensive to offer reasonable assurance that it will achieve one or more purposes for which grants may be made under this Act; and

"(B) contains such other information, terms, conditions, and assurances as the Secretary may require to carry out the purposes of this Act;

"(2) the applicant has adopted effective procedures for the continuing evaluation of programs or projects under this Act;

"(3) the programs or projects for which assistance is sought will not result, and in the case of an ongoing program or project has not resulted, in an increase in the percentage of racial separation in any school;

"(4) no part of the assistance provided under this Act shall be used to supplant funds, equipment, or services which are used to assist any private school. Should any funds provided under this Act be used for this purpose, or for any other purpose that the Secretary finds to be inconsistent with the purposes of this Act, the Secretary shall file suit in the United States District Court for the District of Columbia against either the school which received such funds or the State educational agency, or both, for restitution of the funds.

"(c) Upon the submission and approval of such an application, the Secretary is authorized to provide a cooperating local educational agency with sufficient funds to meet its obligations under its approved plan.

"(d) Funds provided under this section may be used for the following purposes or any other purposes the Secretary finds will promote an end to racial separation minority group isolation:

"(1) establishing and constructing magnet schools or educational parks in locations chosen to reduce the degree of racial separation minority group isolation in the schools of the SMSA;

"(2) providing additional staff members including paraprofessionals to provide guidance, counseling, and training to assist minority group children in adjusting to a nonracially separated nonminority group isolated school environment;

"(3) providing counseling, retraining, and guidance for professional and other staff members who will be working with minority group children;

"(4) developing and implementing inter-racial educational programs and projects involving the joint participation of minority group and nonminority group children attending different schools, including extracurricular activities and cooperative exchanges or other arrangements between schools within the same or different school districts;

"(5) providing such additional transportation for children as may be necessitated by the plan developed pursuant to this Act: *Provided*, That in the review and approval of SMSA plans under this Act, the Secretary shall assure that any burden of transportation shall fall equitably on both minority and majority children;

"(6) expanding or altering facilities to accommodate students transferred under the plan;

"(7) community activities, including public education efforts, in support of the plans, programs, projects, or other activities developed pursuant to this Act;

"(8) planning and evaluation activities and expenses of administration;

"(9) work study programs to provide the financial assistance necessary for minority group children to complete their education; and

"(10) other specially designed programs or projects which meet the purposes of this Act.

"(e) No funds granted under this Act may be used to supplant State or local educational funds presently being expended by State, and local educational agencies.

"(f) The Secretary shall issue regulations establishing procedures and a timetable according to which State and local educational agencies entitled to apply for financial assistance under this Act may apply to the Secretary for funds authorized to be appropriated by this section.

### "RESTRICTIONS ON FEDERAL FINANCIAL ASSISTANCE

"SEC. 601. (a) No noncooperating local educational agency shall be entitled to receive any Federal educational funds: *Provided*, That the presence within an SMSA of a noncooperating local educational agency shall not affect the eligibility of cooperating local educational agencies in the SMSA to receive Federal educational funds.

"(b) No State that fails to participate in the preparation, submission, revision, and implementation of any plan or plans required by this Act, and no State that continues to provide State funds or assistance after July 1, 1973, to any noncooperating local educational agency under section 401(a) shall be entitled to receive any Federal educational funds.

### "APPROPRIATIONS

"SEC. 701. (a) For the fiscal years beginning July 1, 1971, and July 1, 1972, respectively, there is authorized to be appropriated $25,000,000 each year to be used by SMSA agencies to develop and promulgate the plan herein required to be filed.

"SEC. 702. For the fiscal year beginning July 1, 1973, and for each of the nine fiscal years following, there is authorized to be appropriated $2,000,000,000 each year for purposes of carrying out this Act.

"SEC. 703. Funds so appropriated shall remain available for obligation for one fiscal year beyond that for which they are appropriated.

### "JUDICIAL REVIEW

"SEC. 801. (a) Any person affected by the enforcement or nonenforcement in the SMSA in which he resides of any provision of this Act may petition the Secretary for an expedited hearing of his complaint.

"(b) Within sixty days of receiving such petition the Secretary shall hold a formal hearing to determine whether the provisions and purposes of this Act are being carried out in the cause raised by the petitioner. Transcript shall be kept of the proceedings of the hearing.

"(c) Within thirty days after the date of the hearing, the Secretary shall issue a decision in writing which sets forth his findings and appropriate orders.

"(d) The Secretary's decision shall be reviewable, upon petition by the United States Court of Appeals for the District of Columbia Circuit. The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(e) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28.

### "LAWS REPEALED

"SEC. 901. The following provisions of law are hereby repealed:

"(a) Section 181 of the Elementary and Secondary Education Act Amendments of 1966.

"(b) Section 422 of the Elementary and Secondary Education Act Amendments of 1970.

"(c) Section 2 of the Elementary and Secondary Education Act Amendments of 1970.

"(d) Sections 102(d) and 205(f) of the Demonstration Cities and Metropolitan Development Act of 1966.

"(e) Section 401(b) of the Civil Rights Act of 1964."

### "EXHIBIT VI

### "URBAN EDUCATION ACT OF 1971 (S. 1283)—SECTION-BY-SECTION ANALYSIS

"Sections 201 and 202: State that the purpose of this Act is to end minority group isolation in the public schools of our Nation's metropolitan areas regardless of the origin of such isolation.

"Section 301: Provides definitions of terms used throughout the Act. The term 'minority group children' includes Negro, American Indian, or Spanish-surnamed Americans, and, as determined by the Secretary, children from environments where the dominant language is other than English. 'Minority group isolation' is a situation where minority group children in a school constitute more than 50% of the average daily enrollment of that school. 'Standard Metropolitan Statistical Area' or 'SMSA', as defined by the Office of Management and Budget, is the area in and around cities of 50,000 inhabitants or more.

"Section 401: Requires each state to prepare and file an acceptable plan pursuant to which it will establish and supervise the operation of an SMSA agency, within each SMSA, to develop with local educational agencies a plan to reduce minority group isolation in their schools.

"Section 402 (generally): Sets forth the requirements of the plan to be prepared.

"Section 402(b): The plan must insure that, no later than July 1, 1983, the percentage of minority group children enrolled in each school of the SMSA shall be at least half the percentage of minority group children enrolled in all schools in the SMSA.

"Section 402(c): As appropriate in local circumstances the plan must use such techniques as redrawing school boundaries, creating unified districts, and establishing magnet schools and educational parks so as to end minority group isolation in all schools within the SMSA.

"Section 402(d): Local committees of parents, techers, and students representative of minority and majority groups and the geographical areas within the SMSA must be established to advise, the local education agencies and SMSA agency in open consultation regarding the development of the plan and must report periodically to the Secretary on the extent of compliance with the requirements of this Act.

"Section 402(e): Provides that parents of the children and representatives of the areas must be consulted and involved in the operation of the proposed programs.

"Section 402(f): Substantial progress toward the goal must be demonstrated in each year of operation of the plan.

"Section 402(g): Per pupil contributions of the State to any minority-group isolated school shall not be less than per pupil contributions to non-minority group isolated schools.

"Section 403: Requires submission of the plan and approval by the Secretary no later than July 1, 1973.

"Section 404: Allows the Secretary in extreme and unusual cases to exempt portions of an SMSA from the plan where necessary because of the size, shape or population distribution of an SMSA.

"Section 405: Each SMSA agency must file an annual report setting forth the results achieved under the plan. The Secretary must assure the ready availability of the plan to the public and the local committees.

"Section 406: The Secretary must review each plan and report for each SMSA agency annually and require revised plans where necessary.

"Section 407: Provides that the District of Columbia SMSA shall include those parts of the metropolitan areas lying in Virginia and Maryland.

"Section 408: Prohibits the formulation or administration of a plan in any way that will result in separation of minority group children within a school or a classroom.

"Section 501: Provides Federal funds for each SMSA agency for development of the plan required by this Act.

"Section 502 (generally): Provides Federal financial assistance for implementation of an approved plan. No Federal funds are to be used to supplant funds, equipment, or services that are used to assist any private school. The Secretary is given power to file suit for restitution of any funds used for these purposes.

"Section 502(d): Describe the purposes for which funds provided may be used including, among others, establishing and constructing magnet schools and educational parks, providing additional staff members, and the necessary counseling, retraining and guidance for those working with minority group children, furnishing transportation where necessary (provided that any burden of transportation shall fall equitably on both minority and majority group children) and expanding or altering facilities to accommodate students transferred.

"Section 502(e): Prohibits the supplanting of State or local educational agency funds presently being expended.

"Section 601: Any local educational agency in an SMSA refusing to cooperate in the formulation or implementation of a plan shall not be entitled to receive any Federal educational funds. Likewise, any State failing to participate in the preparation, submission, revision or implementation of any plan required by the act and any State continuing to provide State funds to any noncooperating local educational agency shall not be entitled to receive Federal educational funds. The presence within an SMSA of a noncooperating local educational agency does not affect the eligibility for Federal funds of the remaining cooperating local educational agencies.

"Section 701: Provides $25 million for each of two years for SMSA's to develop and promulgate the plans required.

"Sections 702 and 703: Authorizes $2 billion a year for each of ten years to implement the plans developed pursuant to this Act.

"Section 801: Provides for expedited hearings by the Secretary for complaints concerning the enforcement or nonenforcement of provisions of this Act. Review of the Secretary's final decision lies with the United States Court of Appeals for the District of Columbia Circuit.

"Section 901: Repeals those provisions of law which would interfere with the operation of this Act, particularly those forbidding the use of Federal funds to overcome racial imbalance."

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"EXHIBIT VII

"S. 1282

## "GOVERNMENT FACILITIES LOCATION ACT OF 1971

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### "PURPOSES AND FINDINGS

"SEC. 201. The Congress finds that:

"(a) Government facilities are increasingly located and relocating outside central cities in communities which have not made housing available for middle or lower income employees;

"(b) the unavailability of middle or lower income housing in such communities compels many employees of Government facilities to commute long distances at considerable expenditure of time and money to acquire or retain employment;

"(c) the growing separation of work sites from residences, epsecially, for middle and lower income Government employees and government contractor employees, prevents the proper matching of jobs and workers in the Nation's metropolitan areas and contributes to the persistence of the manpower problems of central cities;

"(d) a positive, affirmative program is necessary to provide middle and lower income employees of government facilities with the opportunity to purchase or rent decent and safe housing in suitable living environments, at rents and prices they can afford, in all communities in which such government facilities are located.

"SEC. 202. It is the purpose of this Act:

"(a) to require federal agencies and federal contractors to assure that an adequate supply of housing for middle and lower income employees will be available in any community in which a government facility is to be located.

"(b) to provide financial assistance to communities to assist them in meeting the requirements of the Act.

### "DEFINITIONS

"SEC. 301. As used in this Act, except where otherwise specified, the following terms shall bear the definitions provided:

"(a) 'Government agency' shall mean any federal government organization listed in the Government Organization Manual published by the General Services Administration or any unit of any state government receiving federal funds;

"(b) 'Government employee' shall mean any person employed by any Government agency;

"(c) 'Government facility' shall mean any building or complex of buildings occupied in whole or in part during working hours by more than twenty-five Government employees or any plant, factory, installation, office, or other place of business which houses, during working hours, more than 25 employees of a Federal contractor;

"(d) 'Federal contractor' shall mean any person, corporation, partnership or association with more than 50 employees which is a party, the parent company of a party, a subsidiary of a party, or a subsidiary of the parent company of a party, to any contract, or which is a subcontractor under a contract, with any unit of the Federal government which exceeds $50,000 in value;

"(e) 'Immediate area' shall mean any area which is within the corporate limits of the community in which a Government facility is located and which is within a reasonable commuting distance as defined by the Chairman;

"(f) 'Middle and lower income employee' shall mean any employee of any Government agency or federal contractor whose wages and salary are such that he is unable to buy or rent decent and safe housing in a suitable living environment in the immediate area with 25% or less of his monthly income;

"(g) 'Chairman' shall mean the Chairman of the Equal Employment Opportunity Commission or his designee;

"(h) 'Community' shall mean any political subdivision of a state;

"(i) 'Locate' shall mean to establish, construct, move from another location or make any addition or additions to any existing facility such that such additions or the sum of such additions results in increasing the work forces at that facility by 50 employees within any 365-day period, or in any other way create or directly cause to be created any facility meeting the requirements of Section 301(c);

"(j) 'Child' shall mean any young person who is within the age limits for which the applicable State provides free public education.

"(k) 'Parent' shall mean a legal guardian or other person standing in loco parentis.

"(l) 'Free public education' shall mean education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State.

"(m) 'Current expenditures' shall mean expenditures for free public education, including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds granted under Title 20 U.S.C. Sections 241a to 241m or Sections 821 to 827 or 841 to 848.

"(n) 'Local educational agency' shall mean a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities for providing free public education.

"(o) 'State educational agency' shall mean the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

"(p) 'State' shall mean a State, Puerto Rico, Wake Island, Guam, the District of Columbia, American Samoa, or the Virgin Islands.

"(q) 'Commissioner of Education' and 'Commissioner' shall mean the United States Commissioner of Education.

"(r) Average daily attendance shall be determined in accordance with State law, except that the average daily attendance of children with respect to whom payment is to be made under Section 601(c)(1) shall be determined in accordance with regulations of the Commissioner.

"(s) 'Construction' shall include the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.

"(t) 'School facilities' shall mean classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.

"(u) 'Equipment' shall mean machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, and includes all other items necessary for the functioning of a particular facility as for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books periodicals, documents and other related materials.

"(v) The average per pupil cost of constructing minimum school facilities in the State in which the school district of a local educational agency is situated shall be determined by the Commissioner of Education on the basis of the contract cost per square foot under contracts for the construction of school facilities (exclusive of costs of site improvements, equipment, and architectural, engineering, and legal fees) entered into in the States for the second fiscal year preceding the year of the application, increased by a percentage estimated by the Commissioner to represent additional costs for site improvements, equipment, and architectural, engineering, and legal fees, and multiplied by a factor estimated by the Commissioner to represent the area needed per pupil in minimum school facilities. If the Commissioner finds that the information available for the State concerned for such second preceding fiscal year is inadequate or not sufficiently representative, he shall determine such cost on the basis of such information as he has available and after consultation with the State educational agency. The cost of construction minimum school facilities in the school district of a local educational agency shall be determined by the Commissioner, after consultation with the State and local educational agencies, on the basis of such information as may be contained in the application of such local educational agency and such other information as he may obtain.

"(w) Whether or not school facilities are minimum school facilities shall be determined by the Commissioner, after consultation with the State and local educational agencies, in accordance with regulations prescribed by him. Such regulations shall (A) require the local educational agency concerned to give due consideration to excellence of architecture and design, (B) provide that no facility shall be disqualified as a minimum school facility because of the inclusion of works of art in the plans thereof if the cost of such works of art does not exceed 1 per centum of the cost of the project, and (C) require compliance with such standards as the Secretary of Health, Education and Welfare may prescribe or approve in order to insure that facilities constructed with the use of Federal funds under this Act shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

### "RESTRICTIONS ON THE LOCATION OF FEDERAL FACILITIES

"SEC. 401. (a) After January 1, 1972, no government facility may be located in any community which has failed to develop an acceptable plan which provides, in the opinion of the Chairman, an adequate supply of housing for middle and lower income employees of the facility;

"(b) Each government agency or Federal contractor shall, prior to initiating location procedures, require written assurance in the form of a plan that the relevant community will conform to the requirements of section 502;

"(c) Should, after the acceptance of the plan by the Chairman, any community fail to comply with its approved plan, the Chairman shall bring suit in the U.S. District Court for the District of Columbia to secure an injunction to require such community to conform to its plan;

"(d) Should any Federal contractor locate or expand any government facility in violation of the provisions of this section, the Chairman shall, after giving appropriate notice, terminate all Federal contracts held by such contractor: *Provided*, That the Secretary of a Department or Chief Executive Officer of an independent agency that holds a contract with a Federal contractor who locates a Federal facility in violation of this section may, subject to court review, veto the Chairman's termination of such contract, if he finds, on the basis of facts presented, that such a termination will seriously and substantially impede the mission of the Department or agency.

"(e) The Chairman shall also prohibit the granting of any future Federal contracts with a noncomplying Federal contractor; and

"(f) Should any State take action to locate a government facility in violation of the provisions of this Act, the Chairman shall after giving appropriate notice, order the suspension of all Federal assistance to the State agency that has jurisdiction over such facility until such time as the community has produced an acceptable plan as provided by sections 501–508 of this Act.

### "THE PLAN

"SEC. 501. The plans required to be filed by section 401 of this Act shall conform to the requirements of this section.

"SEC. 502. Each plan shall:

"(a) Be embodied in a contract between the Federal Government, as represented by the Chairman, and the community in which the Government facility is to be located;

"(b) Provide that at least one unit of middle and lower income housing is available in the community for every prospective middle and lower income employee of the local government agency or Federal contractor; such units shall meet the requirements of size, price, location, cleanliness, and habitability as set by the Chairman;

"(c) Provide assurances that the community has taken the necessary steps to permit operation of all housing programs authorized under Federal housing legislation;

"(d) Contain a timetable for provision of the housing units required by section (b) above, provided that at least one-half of such units shall be in existence within 6 months after the actual completion date of the government facility, with the remaining units to be in existence within 12 months after the completion date;

"(e) In circumstances where a community does not file a plan or is found to be in noncompliance with an approved plan, and where compelling reasons exist for the government contractor facility to locate in that community as described in section 401(d), the Federal Government shall provide housing to meet the needs of current and potential middle and lower income employees; and

"(f) Provide for sufficient community services to serve the new residents of the community.

"SEC. 503. Should the Chairman determine that a change in the local situation, the size of the Government facility or other relevant factors necessitates a modification of the plan, he may approve such modifications, if they are proposed by the community or require a community to make necessary modifications: *Provided*, That such modifications do not impede the effectuation or achievement of the purposes of this Act.

"SEC. 504. The Chairman shall reject any plan or modifications in any plan, if they fail to comply with the provisions of section 502 or if they would result in residential segregation of low- and moderate-income families within the community.

"SEC. 505. Should the Chairman determine that, as a result of the size, location, and accessibility of two or more communities, it would facilitate implemention of the purposes of this Act for such communities to develop a joint plan, he may approve such a plan: *Provided*, That any such plan otherwise meets the requirements of this Act; *And provided further*, That each such community shall be jointly and severally liable for specific performance under section 401(c) of this Act.

"SEC. 506. Each Government agency and Federal contractor shall report annually to the Chairman the number of low- and moderate-income employees employed at each Government facility, the availability of housing for such employees, and such other information as the Chairman may require.

"SEC. 507. With respect to communities whose plans are approved pursuant to section 401, the Chairman shall prepare with the cooperation of the Secretary of Housing and Urban Development a report to the Congress describing the funds needed for existing Federal programs which the Chairman deems necessary for the successful implementation of the approved plan.

"SEC. 508. Each Government agency and Federal contractor shall designate one person who shall act as liaison with the Chairman. This person shall serve as Chairman of an advisory committee on housing established by the Government agency or contractor. At least one-third of the membership of this committee shall consist of low- and moderate-income employees. It shall be the function of this committee to channel employee needs and preferences to those persons responsible for the location of the facility.

### "SEC. 601 FINANCIAL ASSISTANCE

"Section 601 (a) Each community that files a plan under this Act may also file an application with the Chairman for financial assistance under Section 601 (b). The local education agency which administers the community's schools may file an application for financial assistance under Section 601(c) with the Commissioner of Education through its State educational agency.

"Section 601(b) Upon application meeting the standards established by the Chairman, the Chairman shall grant to each community an amount not to exceed $100,000 to reimburse such community for the expense of developing a Plan to conform to the requirements of this Act;

"Section 601 (c)

"(1) The Commissioner of Education shall pay to the local educational agency in each community in which moderate and lower income housing has been constructed pursuant to this Act a sum to be computed by him in consultation with the State educational agency and the local educational agency, in the following manner—

"(A) he shall first determine the number of children living in moderate and lower income housing constructed pursuant to this Act for whom the community provided free public education during fiscal year for which the computation is being made;

"(B) he shall next determine the contribution derived exclusively from local sources which the local educational agency made to the cost of educating the community's school-age population during the second fiscal year preceding the date for which he is making the computation;

"(C) he shall then divide that aggregate expenditure by the aggregate number of children in average daily attendance in the community's free public schools during such second preceding fiscal year;

"(D) finally, he shall multiply the figure determined in (A) by the figure determined in (C) and divide in two.

"In those instances in which a local educational agency does not make a contribution derived from local sources or in which the local contribution is below the national average per child contribution, the national average per child contribution for the second preceding fiscal year will be considered the figure in (C) for the purposes of the calculation in this subsection.

"(2) Whenever the Commissioner determines that—

"(A) a local educational agency has made preparations to provide during a fiscal year free public education for a certain number of children to whom subsection (1)(A) of this section applies;

"(B) such preparations were in his judgment reasonable in the light of the information available to such agency at the time such preparations were made; and

"(C) such number has been substantially reduced by reason of a decrease in or cessation of activities at the Government facility, or by reason of a failure of any of such activities to occur.

the amount to which such agency is otherwise entitled under this section for such year shall be increased to the amount to which, in the judgment of the Commissioner, such agency would have been entitled but for such decrease in or cessation of federal activities or the failure of such activities to occur, minus any reduction in current expenditures for such year which the Commissioner determines that such agency has effected, or reasonably should have effected, by reason of such decrease in or cessation of activities or the failure of such activities to occur.

"(3) (A) No local educational agency shall be entitled to any payment under section 601(c) of this Act for any fiscal year except upon application therefor, submitted through the State educational agency, and filed in accordance with regulations of the Commissioner, which application gives adequate assurance that the local educational agency will submit such reports as the Commissioner may reasonably require to determine the amount to which such agency is entitled under this subsection.

"(B) The Commissioner shall from time to time pay to each local educational agency, in advance or otherwise, the amount which such agency is entitled to receive under this subsection. Such payments shall be made through the disbursing facilities of the Department of the Treasury and prior to audit or settlement by the General Accounting Office.

"(C) (1) The amount which a local educational agency in a State is otherwise entitled to receive under this subsection for any fiscal year shall be reduced in the same proportion (if any) that the State has reduced for that year its aggregate expenditures (from non-Federal sources) per pupil for current expenditure purposes for free public education (as determined pursuant to regulations of the Commissioner) below the level of such expenditures per pupil in the second preceding fiscal year. The Commissioner may waive or reduce this reduction whenever in his judgment exceptional circumstances exist which would make its application inequitable and would defeat the purpose of this subsection.

"(ii) No payments may be made during any fiscal year to any local educational agency in any State which has taken into consideration payments under this subsection in determining eligibility of any local educational agency in that State for State aid (as defined by regulation), or the amount of that aid, with respect to free public education during that year or the preceding fiscal year, or which makes such aid available to local educational agencies in such a manner as to result in less State aid to any local educational agency which is eligible for payments under this subsection than such local educational agency would receive if it were not so eligible.

"(iii) No payments may be made under this subsection unless the local educational agency is, in the judgment of the Commissioner, making a reasonable tax effort and exercising due diligence in availing itself of State and other financial assistance.

"Section 601(d)

"(1) Where the increase in a community's school-age population brought about by the construction of housing pursuant to this Act necessitates the construction of minimum school facilities to house such children, the Commissioner of Education shall pay the local educational agency a sum to be computed in the following manner—

"(A) he shall determine the number of children living in moderate and lower income housing constructed pursuant to this Act for whom the community provides free public education and who will be without adequate school facilities unless new facilities are constructed;

"(B) he shall determine the average per pupil cost of constructing minimum school facilities in the State in the manner set forth in Section 301(v) of this Act.

"(C) he shall multiply the figure determined in (A) by the figure determined in (B) and divide by two.

"The Commissioner will not pay the local educational agency any sum for the construction of minimum school facilities if the figure determined in (A) is twenty or less.

"(2) (A) No payment may be made to any local educational agency under this subsection except upon application therefore which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him.

"(B) Each application by a local educational agency shall set forth the project for the construction of school facilities for such agency with respect to which it is filed, and shall contain or be supported by—

"(i) a description of the project and the site therefor, preliminary drawings of the school facilities to be constructed thereon, and such other information relating to the project as may reasonably be required by the Commissioner;

"(ii) assurance that such agency has or will have title to the site, or the right to construct upon such site school facilities as specified in the application and to maintain such school facilities on such site for a period of not less than twenty years after the completion of the construction;

"(iii) assurance that such agency has legal authority to undertake the construction of the project and to finance any non-Federal share of the cost thereof as proposed, and assurance that adequate funds to defray any such non-Federal share will be available when needed;

"(iv) assurance that such agency will cause work on the project to be commenced within a reasonable time and prosecuted to completion with reasonable diligence;

"(v) assurance that the rates of pay for laborers and mechanics engaged in the construction will not be less than the prevailing local wage rates for similar work as determined in accordance with sections 276a to 276a–5 of title 40;

"(vi) assurance that the school facilities of such agency will be available to the children for whose education contributions are provided in this subsection on the same terms, in accordance with the laws of the State in which the school district of such agency is situated, as they are available to other children in such school district; and

"(vii) assurance that such agency will from time to time prior to the completion of the project submit such reports relating to the project as the Commissioner may reasonably require.

"(3) Upon approving the application of any local educational agency under subsection (d)(2)(A) of this Act, the Commissioner shall pay to such agency an amount equal to 10 per centum of the Federal share of the cost of the project. After final drawings and specifications have been approved by the Commisisoner and the construction contract has been entered into, the Commissioner shall, in accordance with regulations prescribed by him, and at such times and in such installments as may be reasonable, pay to such agency the remainder of the Federal share of the cost of the project.

"(4) Whenever the Commissioner, after reasonable notice and opportunity for hearing to a local educational agency, finds (A) that there is a substantial failure to comply with the drawings and specifications for the project, (B) that any funds paid to a local educational agency under this subsection have been diverted from the purposes for which paid, or (C) that any assurance given in an application is not being or cannot be carried out, the Commissioner may forthwith notify such agency that no further payment will be made under this chapter with respect to such agency until there is no longer any failure to comply or the diversion or default has been corrected, or, if compliance or correction is impossible, until such agency repays or arranges for the repayment of Federal moneys which have been diverted or improperly expended.

"Sec. 601(e) (1) In the administration subsections (c) and (d) of this section, no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the personnel, curriculum, or program of instruction of any school or school system of any local or State educational agency.

"(2) The Commissioner of Education shall administer subsections (c) and (d) of this section, and he may make such regulations and perform such other functions as he finds necessary to carry out the provisions of this chapter.

"(3) The Commissioner may delegate to any officer or employee of the Office of Education any of his functions under subsections (c) and (d) of this section, except the making of regulations. In carrying out his functions under subsections (c) and (d), the Commissioner of Education may also utilize the facilities and services of any other federal department or agency and may delegate the performance of any of his functions except the making of regulations, to any officer or employee of any other Federal department or agency.

### "APPROPRIATIONS

"Sec. 701. (a) For the fiscal year beginning July 1, 1971 and for the four fiscal years thereafter there are authorized to be appropriated sufficient funds to allow the Chairman to fulfill the requirements of Sections 601 (b) and (c). (b) Funds or a part of the funds so appropriated which are [illegible]otted because a community or several communities have failed to file a Plan or Plans may be granted by the Chairman to communities upon a special, compelling showing of need by the community.

"SEC. 702. Funds appropriated shall remain available for obligation for one fiscal year beyond that for which they are appropriated.

"SEC. 703. In each fiscal year, sufficient funds shall be appropriated for the Equal Employment Opportunity Commission to cover costs of administering this Act."

### "EXHIBIT VIII

### "GOVERNMENT FACILITIES LOCATION ACT OF 1971
### (S. 1282)—SECTION-BY-SECTION ANALYSIS

"Sections 201 and 202: State that the increasing concentration of Government facilities in suburban areas has placed many jobs beyond the reach of low- and middle-income inner city residents for whom housing is presently unavailable in these suburbs. The Act's purpose therefore is to require Federal agencies, Federal contractors and State governments to insure that adequate housing is available wherever they locate or expand their facilities.

"Section 301: Contains definition. The term 'Government facility' includes any State or Federal building or buildings in which 25 or more government employees work or a facility of a Federal contractor in which more than 25 employees work. A 'Low- and Middle-income employee" is a person whose wages and salary are insufficient to allow him to buy or rent decent housing in the immediate area of his place of work with 25% of his monthly income.

"Section 401: Provides that no Government facility may be located in a community which has failed to develop an acceptable plan to provide adequate housing in the immediate area of the facility for prospective low- and middle-income employees. If a contractor locates or expands a Government facility in violation of this Act, the Chairman of the Equal Employment Opportunity Commission (EEOC) is given the power to terminate all Federal contracts held by such contractor unless the agency involved certifies that such termination will seriously and substantiantially impede the mission of the Department or agency. Likewise, any State agency that locates a facility in violation of this Act may have its Federal assistance terminated until compliance is achieved.

"Sections 501 and 502: Describe the plan which each community must file providing at least one unit of decent housing, either vacant or to be built, for every prospective low- and middle-income employee of the locating government agency or Federal contractor. A minimum of one-half of such units shall be in existence within 6 months after the completion date of the government facility, with the remaining units to be in existence within 12 months after the completion date.

"Section 503: Gives the Chairman of the EEOC authority to require and approve modifications of any plan where necessary to meet the purposes of this Act.

"Section 504: Requires the Chairman of the EEOC to reject a plan or modifications of a plan if it fails to meet the requirements of this Act or would result in residential segregation of low- and moderate-income families within the community.

"Section 505: Gives the Chairman of the EEOC authority to approve a joint plan filed by two or more communities, if it otherwise meets the requirements of the Act.

"Section 506: Requires each government agency and Federal contractor to report annually to the Chairman of the EEOC the number of low- and middle-income employees employed at each government facility, the availability of housing for such employees and such other information that the Chairman may require.

"Section 507: Requires the Chairman, with the Secretary of Housing and Urban Development, to report to the Congress the funds needed under existing programs to successfully implement this Act.

"Section 508: Provides that each government agency and Federal contractor shall establish a liaison with the Chairman of the EEOC. This liaison shall also serve as chairman of an advisory committee on housing established by the government agency or contractor.

"Section 601: Provides that each community filing a plan under this Act may also file for financial assistance. Up to $100,000 will be available to develop the required plan. The Commissioner of Education shall compute the per pupil cost the influx of low- and middle-income families will have on the local educational authority and shall pay this amount to such authority.

"Sections 701, 702, and 703: Provide for the appropriation of sufficient funds to allow the Chairman to meet the requirements of this Act."

### "EXHIBIT IX

### "QUESTIONS AND ANSWERS RELATING TO BILLS

"Question. How does your education bill relate to the Administration's proposed Emergency School Aid Act of 1971?

"Answer. The President's bill primarily provides assistance only to those school systems proceeding under court-ordered desegregation. This, by definition, focuses primarily on the South and single school districts. The President's bill does not confront directly the problem of de facto segregation on a metropolitan basis.

"Question. How does your education bill relate to the cases presently before the United States Supreme Court?

"Answer. There is no way to predict how the Supreme Court will decide these cases. Even if the cases are used to attack de facto segregation, it will only be within individual school districts, not throughout metropolitan areas.

"Question. Isn't the basis of the problem of educational segregation to be found in residential housing patterns?

"Answer. That's exactly what I argued months ago on the floor of the Senate We can't consider problems of educational segregation apart from problems of residential segregation. That's why I am re-introducing my bill designed to assist suburbs in providing low-income housing.

"Question. Isn't your Government Facilities Relocation bill simply a means of 'forced integration'?

"Answer. No. All it does is say that if a community wants to reap the benefits of a government facility or contractor locating within its jurisdiction, it must provide housing for workers associated with that facility.

"Question. Won't it be expensive for a town to draw up the elaborate plans which might be needed to meet the requirements of your housing bill?

"Answer. No. Any town wishing to accept a facility is eligible for a planning grant of up to $100,000.

"Question. Towns complying with your housing bill may face an influx of school children from low- and middle-income families who do not contribute their fair share to the local school system. Won't this lower the quality of education offered all the children of the community?

"Answer. In order to insure a continuation of existing standards in the local school system, the Commissioner of Education will be authorized to compute the per pupil cost of such children to the system and reimburse it for additional expenses it might incur.

"Question. How will the affected communities finance the additional low- and middle-income housing units required by your bill?

"Answer. Housing programs already exist to provide assistance. In fact, such a requirement should serve as a stimulant to the housing market.

"Question. Won't you simply create instant ghettoes in the suburbs?

"Answer. No. The persons affected by the Act will be fully employed, the house to be built will have to pass strict quality standards, and no plan will be acceptable if it results in economic or racial segregation.

"Question. Won't your bills encourage migration outside SMSA's?

"Answer. Almost 70% of the population already live within SMSA's. It would be difficult for large numbers of them to move far enough away to be beyond an SMSA and still within reach of their jobs. Moreover, the percentages of minority groups involved in integration are not large enough to generate the threat of white flight that presently exists within our central cities. Public opinion polls have demonstrated that most Americans support integration in their neighborhoods as long as it is within manageable proportions.

"Question. Don't many black leaders today believe integration is irrelevant if not actually undesirable?

"Answer. Yes. And a lot of whites could not be more pleased with the development. In many ways it is a result of the failure of the white community to do any more than talk about the importance of integration. Nonetheless, the majority of blacks in this country still seek and desire integration and the purpose of my bills for integrating housing as well as education is to provide them with that opportunity.

"Question. Isn't your education legislation just a thinly disguised bussing bill?

"Answer. No. Bussing is one technique which local districts in an SMSA might choose to employ, but there is no requirement that they do so. In many situations, substantial integration can be achieved with little or no significant transportation above that now being undertaken. Ultimately, no bill relying totally on bussing will succeed. Only by integrating neighborhoods as we integrate our schools will we be able to end racial isolation in this country.

"Question. Why was a ten-year period chosen for achieving school integration?

"Answer. That is only to be a maximum period. Some districts can meet the requirements in a lesser period of time. However, it is important to look at this problem realistically and not naively expect that we can change patterns of housing and education on a metropolitan basis overnight or even in two years. If we can achieve the goals of my bills within ten years, we will have made a major move away from the development of two separate societies.

"Question. How and why did you choose a goal requiring each school in the metropolitan area to have a percentage of minority-group students that is at least one-half of the percentage of the minority-group school population in the metropolitan area as a whole?

"Answer. As my legislation makes clear, the percentage requirements at the end of a ten year period are simply minimums. In most SMSA's the requirement will be between 10 and 15 percent of the school population and, therefore, will generally reflect the percentage of minority group persons in the population as a whole.

"Question. How will your school bill affect the growth and development of private schools?

"Answer. It is hard to predict the impact of my bill on the development of private schools. The percentage of blacks moving into suburban schools will be small enough, and over such a long enough period of time, that few whites will feel so threatened that they will incur the large expense of placing their children in private schools.

"Question. Your education bill says that no state which continues to provide state funds to a noncooperating local educational agency shall be entitled to receive federal educational funds. Does this mean that an entire state will lose federal funds if it continues to aid just one noncooperating agency? If so, do you believe that this will penalize more children than it will benefit?

"Answer. I agree that it would be unwise to cut off all Federal funds to all local school districts simply because one school district does not cooperate. My bill specifically provides that cooperating local educational agencies are to continue to receive state and local funds even if there is a noncooperating educational agency in their SMSA. However, the states, themselves, receive Federal funds for state-wide activities as distinguished from Federal funds channeled through the states to specific local educational agencies. These funds would be cut off if a state continued to provide state funds to a noncooperating local educational agency. The political realities are such that local pressures will generally result in state cut-offs of funds to noncooperating agencies rather than rejection of Federal funding for state-wide programs.

"Question. Nonetheless, won't many suburban school districts simply decide to do without federal aid rather than comply with the requirements of your education act.

"Answer. The act will also cut off federal educational funds for any state that continues to supply state funds to a noncooperating school district. Therefore, a suburban school district will have to do without both state and federal funds if it does not want to follow the requirements of this act. Not many will be able to do that.

"Question. Won't there still be a possibility of all black central city schools?

"Answer. Yes, but it is my hope that the development of new school construction and imaginative educational programs in the central city will alleviate much of this problem by attracting white students in the city. Moreover, the impetus behind much of the so-called "white flight" to the suburbs will fade away once it becomes clear that the racial situation is stabilizing and the suburbs are not a white sanctuary.

"Question. What about the District of Columbia?

"Answer. The District must receive separate treatment, since all of its suburbs are in other states. This my education bill does.

"Question. Aren't some metropolitan areas so large or irregularly shaped that difficulties will be encountered in developing a school plan.

"Answer. The bill gives the Secretary of HEW discretion to take such unusual factors into consideration.

"Question. What about metropolitan areas that cross state lines?

"Answer. My bill provides that each portion of a metropolitan area within a state would be treated separately for purposes of the education act. This does not present a problem since in all cases there are blacks and whites on both sides of the state lines.

"Question. If the focus is on large metropolitan areas what say will local residents have in the development of their school integration plan and its implementation?

"Answer. My bill requires that any plan submitted for approval must provide for establishment of multiracial committees composed of local parents and students who are representative geographically and racially of the population for the SMSA as a whole. Open hearings must be held and full opportunity for discussion and exploration of the issues must be guaranteed. Provisions must be made for the continuing involvement of these committees during implementation of the plan. In addition, the bill requires the Secretary to assure that all plans and progress reports are made freely available to the public and to the multiracial committees in each SMSA.

"Question. What do you think the chances are for your bills?

"Answer. Still as tough as they were last November. Many will shy away from them. Nonetheless, I think it is important to refocus our attention not only beyond the South, but also beyond central city schools. We won't begin to solve these problems until we look at the problems of education and housing in the North and South on a metropolitan basis. I think this approach will find supporters in the Senate."

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[The Wall Street Journal, Nov. 23, 1971]

## BUSING I: NEXT STOP, SUBURBIA

By Bill Paul

RICHMOND, VA.—So far this Southern capital's new school desegregation plan seems to be working. Dozens of yellow buses haul around town nearly half of the city's 47,000 public-school pupils, 70% of whom are black. No buses have been burned. Few racial incidents have occurred and many parents, particularly blacks, say their children are doing better in class.

Even so, city school officials have already written off the plan as a failure. City-wide busing, they contend, has simply stepped up the white flight to the suburbs. Richmond schools appear likely to become nearly all black within three years. Indeed, city officials say, this year Richmond lost 22% of its white student enrollment, compared with a loss of 5% in 1969.

### Headed for the Supreme Court

"Without the suburbs," says one glum city official, "there's no way we can desegregate." Thus, in a landmark case certain to affect desegregation in every city in the country, the Richmond Board of Education has gone to court hoping to force a consolidation of the city school system with the 90% white system of the two adjacent suburban counties. The case is viewed widely as likely to wind up in the Supreme Court, a development that could prove doubly interesting if one of the justices hearing the case should be Richmond lawyer Lewis F. Powell Jr.

If the Richmond consolidation is approved it is likely to become a major legal precedent for a school board to cross political subdivisions to achieve desegregation. Across the country, more and more federal judges, city school officials and black leaders are saying that busing alone, even busing between center cities and selected suburban areas, can't stabilize racial balance and insure lasting desegregation. They advocate so-called "metropolitan" school systems that cut across political boundaries to unify tax bases, teacher hiring and administration.

"Busing is just the middle-class way of saying 'no niggers allowed,'" says Louis Lukas, an attorney with the NAACP Legal Defense Fund, which has joined the school board in pressing the Richmond case. "It's time to break down the walls and get people together."

More than one city is in the process of drawing up a metro plan. In Detroit, for example, a federal judge has given the city school board until Feb. 4 to devise such a plan. And in Indianapolis, federal judge S. Hugh Dillin has directed the Justice Department to challenge the separateness of suburban and city schools as a first step toward a metro plan. In his ruling, Judge Dillin said, "The easy way out . . . would be to order a massive 'fruit basket' scrambling of students within the city. . . . There is just one thing wrong with this simplistic solution. In the long haul, it won't work."

But Richmond is the first city that has completed a metro plan, and U.S. District Judge Robert R. Merhige Jr., is expected to rule on it soon. Judge Merhige has a reputation as a liberal; among other things he ruled last month that the treatment of prisoners in Virginia penal institutions is cruel and inhumane and ordered immediate changes in prison discipline. Sources close to the case say Judge Merhige will approve the consolidation plan, setting in motion an appeal process. The result could be a Supreme Court ruling by early next summer.

The Richmond plan would work like this: The school systems of neighboring Chesterfield and Henrico Counties would be merged into the city system to create a single unit of about 104,000 students, 66% of whom would be white. The area would be redistricted so that each school zone would include both city and suburban dwellings and every school be between 20% and 40% black.

About 35% of all students would be bused across the city line, with a few more entering the city for class than leaving it. No students, except in outlying rural areas, would travel more than 10 miles one way. Those to be bused would be chosen by a birthday lottery or other chance means. A single board made up of four members from the city and a total of five from the two counties would determine policy. Significantly, tax rates would be determined on a per pupil basis; suburban residents would probably wind up paying proportionately more and city residents less than they do now.

The plan raises some serious constitutional questions. Legal experts say that if the Supreme Court reviews the case, it must decide for the first time whether federal courts have the power to disregard school subdivision lines drawn by the state in order to achieve desegregation. Last year the high court ruled in Swann V. Charlotte-Mecklenberg Board of Education that busing was a proper tool for desegregation. It was only a matter of time until someone asked how far and over what political boundaries busing could be extended.

### Lines Drawn 200 Years Ago

The state and county boards of education say the school lines shouldn't be altered, arguing that they were originally drawn 200 years ago with no intent to discriminate. The city and black plaintiffs counter that for years the State of Virginia has been guilty of *de jure* segregation in education—that is, segregation officially sanctioned by law—and that it now has a court-imposed responsibility to remove all vestiges of that segregation.

If the case reaches the Supreme Court, the outcome would be difficult to predict. Both sides are already counting on the votes of Mr. Powell, the prominent Richmond attorney whose appointment to the court seems likely to be confirmed by the Senate.

As chairman of the Richmond Board of Education from 1952 to 1961, Mr. Powell was in charge during the tumultuous years immediately following the Supreme Court's historic 1954 decision outlawing segregated schools. During a period when other Virginia schools systems closed in a program of "massive resistance" to the court's ruling, Mr. Powell is generally credited with keeping Richmond's schools open. At the same time, however, he made no memorable effort to integrate Richmond's schools during his tenure as board head.

Of course, Mr. Powell might disqualify himself from the Richmond case because of his past association with the city school board. But if he doesn't, says A. E. Dick Howard, a professor of constitutional law of the University of Virginia and one who testified on behalf of Mr. Powell before the Senate Judiciary Committee, "There's no evidence to indicate just how Mr. Powell will vote."

As might be expected, many whites in suburban Richmond vehemently oppose consolidation. A score of anti-consolidation groups have sprung up bearing such titles as "Save our Children" and "U.S. Citizens for Neighborhood" and "U.S. Citizens for Neighborhood Schools." William S. Hanner, a 38-year-old father of four who last spring swept to victory as president of the Henrico County Council of Parent-Teacher Associations on a hard-line no consolidation platform, speaks for many suburban whites. "I won't make my child a guinea pig," he says emphatically. "The Supreme Court has exceeded the power given it by our Founding Fathers. I'm not cut out to be a missionary and I'll use every devious trick I can to keep my kids right here."

Although city whites stand to gain from consolidation in terms of lower taxes and an influx of whites into the school system, many are also active in the protest groups. To men like Harry Trollinger, a typographer who lives in North Richmond, consolidation means only more busing. "I don't like busing at all," he says. "People buy their homes to be near schools and no one should drag them away."

### WHITE FLIGHT

Early indications are that consolidation may lead to white flight from the suburbs, just as busing has accelerated white emigration from the city. A growing number of "for sale" signs dot the landscape. One man reportedly bought a parcel of farm land recently that he intends to subdivide among his neighbors. And this fall, for the first time in 10 years, white enrollment in the suburban schools decreased—though it had been expected to be up sharply. "They're moving out like flies," says one worried county school official.

It is interesting to note that the consolidation plan has led to a rather tenuous alliance between the mostly white city school board and Richmond's black leaders. Although both groups favor consolidation, blacks like Ray H. Boone, editor of The Richmond Afro-American newspaper, charge that "the school board just wants to make sure whites don't lose control of the schools." Even so, says Mr. Boone, blacks favor consolidation because "it will put black children into schools with better teachers and equipment." He adds: "You've got to get what you can any way you can get it."

A number of black parents, however, don't seem convinced that consolidation is the answer. One reason for this, says Al Johnson, a black reporter on The Richmond News-Leader is that "we want neighborhood schools the same as white folk. We don't want to get bused all over the place."

Mrs. Shirley Martin, a working mother with two small children, is typical of many blacks. "Most of my friends accept consolidation," she says. "But we don't like it. After all, why can't my kids go to school near their home?"

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[The Washington Post, Nov. 29, 1971]

## NORFOLK: LEARNING TO LIVE WITH BUSING

By Carl Bernstein

NORFOLK.—Seventeen years after the Supreme Court's edict to desegregate public schools "with all deliberate speed." Virginia's largest city has, in one swift motion, achieved a desegregated school system.

The transformation has been accomplished by busing. It has been accomplished by hearsay confusion and emotion; few acts; violence of uncertain magnitude and very real questions about the city's social, political and economic future.

Desegregation rolled across this city on buses that to tens of thousands of whites, came as tanks of a black army bent on invading their neighborhoods, their schools and their constitutional rights.

To most blacks, who make up 30 per cent of Norfolk's 300,000 population, the gray transit buses marked "School" are the vehicles to carry them out of the ghettos, across town to equal education, to neighborhoods long closed to them, to their constitutional rights.

To Norfolk's 50,000 school children and their teachers, desegregation and busing have meant unprecedented strain, pressure and often fright—caused by parents, by politicians, by each other, by constant scrutiny from police and reporters.

The spare facts about busing in Norfolk are these:

In late September, the city's 75 public schools opened under a desegregation law ordered by the Fourth U.S. Circuit Court of Appeals.

The plan insures that the enrollment of almost every school in Norfolk closely parallels the city's overall black-white ratio.

Unsuccessful appeals to the Supreme Court delayed school openings two weeks.

Five thousand fewer white students than attended city schools last year enrolled in September—a loss of almost 20 per cent of the system's total white enrollment. Most of the absent whites attend private schools or have moved to the suburbs. Continued busing, say Norfolk city officials, could lead to a black city and white suburbs.

The desegregation plan required the transfer of 25,000 students to schools outside their immediate neighborhoods, 18,000 of them to be transported on Virginia Transit Co. buses. The city has declined to pay for busing requiring parents and students to finance the 25-cent daily round-trip fare.

However, the transit company is willing to transport only 11,000 students until the President's Cost of Living Council approves a pending request to raise the student fare to 35 cents. Meanwhile, says the superintendent of schools, "Our attendance is atrocious" because there are no buses for thousands of students.

During the first 23 days of school, 205 "school-related incidents" were reported to city police, including 89 assaults. The overwhelming majority of reported assaults involved black students allegedly attacking white pupils. Said the superintendent: "It's not out of hand but it's not what I want it to be. It is somewhat worse than before busing but we don't have any figures from previous years to compare it to."

Many teachers at junior high schools, where the largest number of incidents have been reported, complain that ordinary adolescent problems have been mistaken for racial unrest.

After a clearly racial fight at Northside Junior High School this month, three students required hospital treatment. A subsequent search of white and black students turned up about a dozen weapons, including straight razors, switchblades, sticks, chains and brass knuckles fashioned from school cafeteria forks.

"Considering what could have happened here, it's going well," says Northside's white principal, an opponent of busing.

Norfolk's schools have four different starting times, between 7:45 and 9:45 a.m., because of transportation complexities. Parents with several children in different schools complain they spend hours getting sons and daughters off in the morning.

Two weeks after school opened, white parents discovered a fire law that makes it illegal for students below the fifth grade to occupy classrooms above the first floor in older buildings. Six hundred students were transferred as a result.

The schools opened with the superintendent and school board chairman—both white—calling on Norfolk citizens to make busing work. Two weeks later the board chairman issued a statement saying the plan "never really held a promise realistically to work" and deploring the "ruinous process" of busing, particularly at the elementary school level. The superintendent praised the chairman for his "courageous statement."

Black leaders, responding to the chairman, attacked "this solitary, independent action which undoubtedly has given aid and comfort to those willing to cripple our public school system rather than accept integration."

## ONE EXAMPLE

The John T. West Elementary School, built 60 years ago in what is now a black ghetto near downtown Norfolk, is scheduled to be replaced by a new school within two years. Last year a ceiling collapsed in the building; the school has only two rest rooms, a single water fountain.

Until this year West had an all-black enrollment drawn from the ramshackle houses and project apartments nearby.

At the other end of the city, seven miles away 146 white children from neat, look-alike bungalows gather at the elementary school they attended last year—Oceanair—and board buses daily for West. Thirty-five minutes later, they file into the dilapidated old building and head for the West cafeteria. There they join 223 black students for hot breakfasts provided by federal aid to schools in "disadvantaged neighborhoods."

At the long, plastic-topped tables, groups of friends cluster easily; some all-white, some all-black, some black and white. Most close friendships at the school appear to be between members of the same race. But there are also many black and white children who stroll arm in arm through the halls.

"Busing is working, at least at this school," says West's principal, James H. Robinson, a black, 36-year-old alumnus of Norfolk's segregated schools.

"Some parents are opposed to it, of course, but most of them seem concerned about education first."

### SEES BUSING NECESSARY

Robinson, who has been an elementary school principal for four years, believes that "busing is necessary to achieve integration. It will take another 100 years to change housing patterns and achieve integration under the neighborhood school concept," he adds:

"I went to Booker T. (Washington High, for decades the city's only black secondary school), and I can tell you that our schools were separate and unequal. You don't find schools in this (West's) condition in white neighborhoods."

"We have fights at West like anywhere else. I would say there have been no more than last year. Most of it is not racial, except for one or two times when somebody got called 'Nigger' or 'Honky.' If this school is tense, I don't feel it."

At 3 p.m., West's white pupils are shepherded onto three Virginia Transit Co. buses by teachers. They sit down quietly, some waving goodbye to black classmates. Then the buses pull away, out of the view of the teachers.

Instant pandemonium. Shouting, cheers as one Oceanair bus passes another, children running up and down the aisle. Foot stomping. Only when the driver threatens to stop the bus do the students return to their seats.

"It's like this every day," he says.

### LESS RETICENT

Away from West, the school's white students are much less reticent than inside the school.

"I don't like West," says Linda DeMaio, student council president, during a comparatively quiet interlude on the bus. "Most of the colored kids tell lies on you. They did that yesterday. Some of them said I was going to beat some kids up. But I have some colored friends. They voted for me. The trouble is the colored are always trying to pick fights."

Says Sondra Hallman, blonde, slightly freckled, voice so soft it can barely be heard:

"The colored kids don't like white people because years ago the white people took colored people for slaves.

"But, I didn't do that. Some of them said we were invading their territory. In the rest room they try to start fights with you. They say 'Why do you come to this school?' I say 'I didn't want to come in the first place.'"

John Reagan, 12, sixth grade, freckles, reddish hair: "The principal picks on white kids. It's always our fault, and we don't start anything. Everytime I have money they say, 'John, give me money,' and if I don't they beat me up. My shirts are always dirty from fighting."

### "THEY EXAGGERATE"

Robert Ritter, 12, fifth grade: "I like it because we got nice teachers and I got friends both black and white. I haven't had trouble. I don't know why they complain. They exaggerate.

"The coloreds are nice to me. On the first day I had trouble with a colored boy, his name was Pierre. But after a while we made friends and nobody bothers you. A few of 'em (white students) do get beat up. Sometimes it's because they (the whites) call the others names. But it's not really as bad as they say.

Jackie Hoffman, 11, fifth grade: "The only way you can keep friends with them is to give them your money and your food and everything. They pull your hair. The boys chase you in the halls and pull up your dresses and stuff. Ask Brenda Catledge.

"All they want to do is fight, fight, fight. I've got about two who are friends. I was never beat up at Oceanair. Oceanair is the best school in the world. We're moving because of it, back to the country in North Carolina. I try to make friends but all they want to do is fight."

The Oceanair Elementary School was built to accommodate the war baby boom and the accompanying development of tract housing on the fringes of the city. Physically, Oceanair is a typical school of the 1950s: cinderblock and brick exterior, tile floors, soundproofed ceilings, stainless steel cafeteria, teacher lounges, metal lockers, green blackboards, long corridors, a fallout shelter.

Delores Fitzgerald, black, graduate of Booker T. Washington High School and Booker T. Washington Junior High, is principal at Oceanair.

This year Mrs. Fitzgerald was transferred from previously all-black Lincoln Elementary to Oceanair, where students now number 343 whites and 278 blacks. Most of the blacks at Oceanair attended West last year.

"The black child at this school is exposed to a rotten culture where he lives" she says. "He's in a ghetto, he sees nothing but dirt and hears all these curse words, he goes to an old, beat-up school. Now he comes here to a nice building, with a choice of cooked lunches, with plenty of room to play, in a nice neighborhood, with trees and new furniture.

It's only six or seven miles away from home, but that is a long six miles, like from one city to another. The experience of riding the bus is very good for him.

"Some children don't want to sit next to the other kids because of race, but considering we have 621 children, things are good. We've had very few fights. The problem is not the students; it's the parents. It's taken a lot of work and a lot of talking over the PA system to make this work because we have to undo so much that is done at home. They teach their children to be scared of the black students . . .

"Black kids get pushed to the point where they fight. My daughter is an example. Someone (white) pushed a pencil in her neck at school. The teacher, who was white said it didn't happen. After school my daughter started to jump on him (the student) and beat him good. But I told her, "Don't hit him; they'll send you to the office and that will be another black kid in the newspapers who hit a white kid.' "

## THE RIDE BACK

Each afternoon, Mrs. Fitzgerald supervises the loading of black students on the buses that take them back to John T. West. Parent volunteers from the West neighborhood ride the buses every day to maintain order. The noise level aboard the bus is none less shrill but the children remain in their seats, many of them with their faces pressed against the windows.

"Oceanair is better," says Bridgett Scott her hair in pigtails, saddle shoes freshly polished. "You play more than at West, I like the bus. I'd rather ride than walk."

Says Kenneth Benton, a shy 10-year-old: "Oceanair got a little bit of fights but it's better. They got a nice principal and a better building. And better food. Sometimes they (white students) make fun of you. I don't like that."

Brigett Carlisle, 8, third grade, bangs: "Oceanair's O.K. We're getting things we never had before. But some of the whites are mean. They start the fights and the blacks beat 'em. If they pick on me they won't pick on me no more."

Clarence Armstrong, 10, fourth grade, glasses: "I liked West better because at West, don't nobody fight you. At Oceanair the whites seem like they own the school."

Joyce Tabron, parent bus monitor, mother of two children at Oceanair: "It's better in all respects. The whites always got more books, more of everything. My kids are doing better at Oceanair, they're more interested in school. As far as I can tell, the whites and the blacks get along real well together."

Mary Ford, white, 28 taught sixth grade at Oceanair Elementary school from 1965 to 1970. This year she is teaching at John T. West. As are most white teachers interviewed there, she is opposed to busing.

"If people are complaining about the schools being poorer in one area, why not equalize the schools?" she asks. "I believe in integration, but I also believe in neighborhood schools. It's scary enough for a first- or second-grader to go off to school in his own neighborhood. Sending him to a strange neighborhood, making him spend up to an hour on the bus every day, being so far from home . . . it can be traumatic."

Despite her opposition, Mrs. Ford says she doesn't discern any major problems at West that we didn't have at Oceanair. We do have arguments between blacks and whites but I wonder how much of it is racial." She adds:

"There are behavior patterns that I'm not used to—the very haughty, defensive attitudes of many black students, for instance. Black kids are more prone to fight back. They live with that in their homes and in their neighborhoods.

"The language and the speech can be very difficult. It's hard for a white teacher to deal with these things. If I were a black teacher I probably wouldn't be comfortable with all the mannerisms, colloquialisms of the whites either."

If busing fails to quietly achieve integration in Norfolk, Mrs. Ford says, "it will be because of the white parents. They respond without checking things out. They accept rumor for fact and pass it on to their children. Somebody's mother hears some vague talk about a shakedown and calls the school and the kids get scared."

### Opposition Tempered

Susan Signorovitch, a white teacher at West who favors busing, believes that many white parents have tempered their opposition since the start of the school year. She tells of a mother who instructed her son not to sit near blacks or allow them to touch him on the playground.

"Finally she stopped pressuring him and accepted it," Mrs. Signorovitch relates. "I think that's true of a lot of parents."

Faculty members at both West and Oceanair say their students are progressing academically as well or better than last year, when each of the schools was segregated.

"There certainly is no evidence that the whites are doing worse," says Mary Ford. "I'm going just as fast in my courses as I did at Oceanair."

Oceanair's principal says teachers tell her that white students "are doing the same work they always did. I think the Negro children are doing better, because they seem more interested than students are in ghetto schools."

West's principal discerns no difference in academic achievements, "with one exception—white students who are slow learners." They are doing "much better," he says, "because we have the facilities to help them."

Because West is located in a "disadvantaged neighborhood," it receives more than $100,000 a year in federal funds for extra supplies, special reading teachers, a medical staff, full-time psychologists and field trips. "You don't get those things at a regular school like Oceanair," says West's principal.

### Learning to Read

Shirley Ritter, a member of the anti-busing SONS (Save Our Neighborhood Schools) organization and mother of a fifth-grader at West, agrees.

"I was against busing and I'm still against busing," she says. "But Robert (her son) has gotten more help at West than he got in any of the white schools." At Oceanair he was reading on a second-grade level but they let him get to the fifth grade. "At West I told the principal, and he said, 'We'll work with him.' They have. He's finally learning to read more easily. His grades are better. As long as he likes the school, and is getting along at J. T. West, I'll go along with it."

Mrs. Ritter's neighbor, Betty Law, also a member of the SONS, disagrees. Her daughter too "is doing pretty good in her work, maybe a little better" than at Oceanair, Mrs. Law says. "She seems to like it at West. But it's still not right."

"There's a school right across the street and we can't use it," she says. "What if something should happen to her at that school? God knows what children in that neighborhood will do. It's so far away I don't even know where it is. My husband works hard to live in this neighborhood. We didn't move here so our daughter would have to go to a school in a slum."

Meanwhile, Mrs. Law's 10-year-old daughter Theresa says: "I don't like the building at West as much as Oceanair but I like the school. I haven't had any trouble but I've seen some friends with trouble. It's fun to ride the bus. I like West okay."

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[The New York Times, Jan. 16, 1972]

## WASHINGTON PANEL ADOPTS PLAN TO DISPERSE LOW-COST HOUSING IN SUBURBS

WASHINGTON, Jan. 15—A "fair-share" plan to disperse federally subsidized low-cost housing throughout the suburbs, reversing the pattern of concentration in the District of Columbia, was adopted this week with the blessing of Federal housing officials.

The locally sponsored plan would allot more than half the new housing units reserved for this area by the Department of Housing and Urban Development to the two most affluent nearby jurisdictions, Montgomery County in Maryland and Fairfax County in Virginia.

The voluntary arrangement was adopted by the Metropolitan Washington Council of Governments, a panel of elected officials from 14 suburban cities and counties plus representatives of the District of Columbia government, who are Presidential appointees. The council has some prestige in the area, but no legal authority.

### THE BREAKDOWN

According to a staff report, 58.7 percent of the 34,190 federally assisted and public housing units occupied or under construction last October were inside the boundaries of the central city. The next highest proportion, 17.8 percent, was in Prince Georges County, Md., east of Washington. Montgomery and Fairfax Counties had 13.5 percent combined.

There were none in Arlington, Va., nor in three of the smaller cities outside Washington.

Under the proposal, the District of Columbia share would be 20.3 per cent of future construction; Montgomery County, 26.7; Fairfax County, 24.4; Prince Georges County, 10.9; Arlington, 9.0; Alexandria, Va., 2.6. The remainder would be divided among seven cities and towns and two outlying counties in Virginia.

The thrust of the plan is similar to a pioneering effort that was adopted at the end of 1970 in the Dayton, Ohio, area, where predominantly white suburbs surround a city with concentrations of poor, black, ill-housed families.

Washington's population is 71 percent black, the suburbs 8 percent.

### UNANIMOUSLY ADOPTED

Although preparation of the fair-share plan was attended by some controversy, it was adopted unanimously on Monday with little discussion. On Oct. 27, George Romney, Secretary of Housing and Urban Development, told local officials, "I don't feel the imposition of such plans by the Federal Governent is the proper approach." He urged the Council of Governments to adopt a plan.

Mr. Romney, asked to comment on passage of the plan, called it "a giant stride toward achieving a balanced housing program for the 'real city' of Washington." He said the program would "go far toward meeting the housing needs of people in various income levels," and promised that his department "will do everything possible" to help make the program successful.

### CONGRESSMAN OPPOSED

Despite the unanimous adoption, future to the formula, which will be updated yearly may not be uniform throughout the suburbs. Officials of Arlington, where the Federal Government leases large amounts of office space, have always opposed traditional public housing. Other forms of federally sponsored housing generally require local, nongovernmental sponsors.

Representative Joel T. Broyhill, Republican of Virginia, has said the fair-share idea "smacks of forced integration" and could be an extension of a movement to "complete the destruction of the community concept now under attack by forced busing."

On the other hand, the elected Montgomery and Fairfax County Councils have endorsed the plan. In Prince Georges, where the black population tripled during the nineteen-sixties, officials believe they already have their fair share of low-cost and moderate-cost housing and support the plan.

District of Columbia officials and those in Alexandria, where severe problems of overcrowding and lack of adequate housing have been documented, are reluctant to forgo new Federal subsidies in favor of suburban development. The officials already are hard-pressed to find an adequate supply of relocation housing for families displaced by urban renewal and other Government activities, a requirement for Federal financing.

The Council of Governments report notes that extra subsidies, above the formula provisions, will be required for the two cities "to meet their own very critical housing demands," unless the total H.U.D. allocation for the area is "increased substantially."

Mr. Romney told the council in October that his department "would be happy to reward metropolitan Washington with a bonus of housing units beyond what the area would normally receive" if a fair share plan were adopted. He did not mention the size of the bonus. An official of the H.U.D. office here said that no bonus proposal was under formal consideration.

The formula to compute each jurisdiction's fair share included a number of supply, resources and demand factors such as the number of over-crowded, deficient and vacant housing units counted in the 1970 census; total acreage expected to have sewer service during the next six years; the number of household heads who earn less than $10,000 a year and commute to work; real estate values and per capita income, and the supply of existing housing valued at less than $25,000 or renting for less than $150 a month.

[The Atlanta Constitution, Jan. 3, 1972]

## CITY LOSS OF WHITE STUDENTS UNSOLVED

By Bill Seddon

Atlanta School Supt. John Letson heaved a sigh on hearing the question, leaned way back in his chair and tapped his fingers on its arms, and admitted he doesn't know any way to keep white children in his schools.

Letson watched with worry in 1961 when three city elementary schools, Fain, Mayson, and Whitefoord, went from white to black. His worry turned to strong concern during the next seven years as 16 more schools underwent racial change.

Nineteen more schools have lost most of their white pupils since 1969, and Letson now views the process with resignation.

The superintendent has at times been accused by school members and others of "casting gloom" on the prospects for establishing real school desegregation in Atlanta. Those who cling to hope charge that his forewarnings of white transfers are self-defeating prophecy.

But Letson, gloomy or not, has been telling it like it is.

During the last decade, according to census figures, the over-all white population in Atlanta dipped from 300,635 (61.7 per cent) to 240,551 (48.8 per cent), while the black population rose from 186,820 (38.3 per cent) to 256,422 (51.2 per cent).

During the same period the city school system's white pupils dwindled from 58,650 (58 per cent) to 28,060 (29 per cent), while its black pupil population rose from 43,147 (42 per cent) to 69,977 (71 per cent).

While the rise in Atlanta's black population during the decade slightly overrode the loss of whites—the city had a net gain of 9,528 persons—the loss of white students produced a net decrease of 4,481 pupils.

During the same period the number of students in DeKalb and Cobb counties doubled, while the Fulton County school system increased by about one-third.

Those three systems have white students ratios ranging from 90 to 97 per cent.

The implication is obvious—the city is losing its white students to its suburban neighbors (as well as some to private schools)—and there is little John Letson and the integrated Atlanta Board of Education can do about it.

What is less clear is the extent of any cause-effect relationship between the changing white pupil profile in Atlanta—58 per cent to 29 per cent—and the change in the city's over-all racial makeup, from 61.7 per cent white to 48.8 per cent white.

Are whites leaving Atlanta because of its school system, hurrying to deposit their children safely in schools dominated by their "own kind," or are they fleeing from other social problems of the city and taking their young with them as a matter of course?

"The major problem is—and I can understand it—that the white population, although the great majority have come to accept desegregation as such, have not learned to accept being in the minority," says Letson.

In 1961, West Fulton High School had 1,387 white students and no blacks. The next year two Negroes enrolled along with 1,423 whites. The following year there were 11 blacks, and white enrollment dipped to 1,168. The next year (1964) the black enrollment skyrocketed to 719, and the white enrollment plummeted to 378. It was all over after that: In 1965 only 70 white children showed up at West Fulton alongside 1,323 Negroes. On the first day of school this year one lone white student entered the school with 1,136 blacks.

The same pattern shows up in the other 37 Atlanta schools that have gone from predominantly-white to predominantly-black, and many others are now on the brink as the trend continues.

Therrell High School, which had 1,213 whites and no blacks in 1964, now has 691 blacks and 878 whites. But will desegregation last?

The answer lies in the trend. Therrell's racial ratio changed slowly for seven years, until last year it reached 25 percent black. Now it is 44 percent black.

At what point does the desegregation of a school become untenable?

"We see signs of it traditionally when the school becomes 30 to 35 percent black," Dr. Letson says. "We can come very close to maintaining that ratio of desegregation if there is reasonable assurance that it will become stable at that point.

"But if there is no such assurance, when there are signs on every hand that it is not going to become stable at that point, then the true white flight begins."

Can Atlanta's schools be stabilized with effectively desegregated student bodies?

"I have given up on that possibility as long as Atlanta remains within its present lines," Letson declares. "I do not think you can effectively desegregate a school system that is 72 percent black."

One hope—the only real hope now held by Atlanta school officials—for stabilizing the system is to change it, to consolidate it with the mostly-white Fulton County system. This is a clear possibility in the near future, and will likely be a recommendation of the Atlanta Charter Commission. It seems to offer both social and financial advantages. But it is opposed by the county, and the gargantuan system that would result would still be, from the beginning, majority-black.

So for the moment Letson has resigned himself to administering a predominantly-black-big-city school system with as little regard for overt racial factors as possible. He has set himself a new goal—to disprove the theory that black schools are automatically inferior. He wants to show that black public schools can provide quality education.

In so doing, Atlanta's superintendent places heavy emphasis on the worth—the "quality"—of a school system that does a good job of helping children with "problems."

Letson maintains that the claim of surrounding county systems of higher quality education is "an artificial statement not borne out by the facts."

"Quality education means to me an educational program that assists every pupil to reach his maximum educational growth and achieve his maximum educational development," Letson explains. "I think a school is a better school that takes a pupil with many problems that are a result of deprivation and helps the child overcome those problems, even though on a final evaluative test such a pupil would not rank as high as one with an advantaged background."

Yet Letson recognizes that some white parents may be removing their children from city schools precisely because of the emphasis on helping children with "problems" that their own children do not have.

"I think in many cases that this is an artificial evaluation, however, and that the most important thing is to provide an opportunity for children to have associations in the process of growing up that would bear some relationship to the kind of world they are going to live in," he asserts.

Atlanta's superintendent points with pride to a number of city school programs and innovations, some of them heralded across the nation, including the four-quarter schedule and the "exploratory quarter," the middle schools, the special "learning center" for pupils not reaching their potential, the increase in vocational training and the relating of study to career goals, the movement toward comprehensive high schools, and the state's only broad kindergarten program.

But he returns again to what is becoming an increasingly-important central goal of Atlanta's schools: "We think that we are doing a better job of helping pupils with problems."

Several other Atlanta agencies charged with responsibility of helping people with problems are less confident of the job they are doing.

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[The New York Times, Jan. 11, 1972]

## 1,160,000 WHITES LEFT THE CITY AND TRISTATE REGION IN 1960's

By Edward C. Burks

The 31-county, tristate metropolitan region centered on New York City had a net outward migration of 160,000 to 205,000 whites during the nineteen sixties, according to a new analysis of 1970 figures.

There was a net exodus of 995,000 whites from New York City. Some of these presumably settled in the suburbs and some left the 31-county area completely.

Even though many of the region's more distant counties had a large influx of whites, there was over-all a net outflow from the region, which extends from New Haven and Poughkeepsie on the north to Trenton and the Atlantic City area on the south.

Besides the huge net outward movement of whites from New York City, the following counties in the region had these net out-migrations of whites:

Nassau, 1,941; and four New Jersey counties—Passaic, 1,553; Essex, 127,957; Hudson, 55,876 and Union, 18,338.

### 1,160,000 LEAVE

The combined outward migration of the city and those five counties was 1,160,000 and the net gain in white migration by the remaining counties in the region was 995,000 to 1 million.

In other words, the city's huge loss was not entirely absorbed by the rest of the region. It will be several months before the Census Bureau has compiled the statistics to show where all those whites from New York City actually relocated.

The over-all outward migration of whites from the region is not a precise figure (it can be estimated at 160,000 to 205,000) because migration figures in or out of various small counties in the region have not been broken down racially.

If the great growth in population in the outer counties of the region in New Jersey, New York and Connecticut is estimated to be almost entirely white (in counties where the racial breakdown is missing), then the region's over-all loss in whites through migration is just 160,000. On the other hand, if a somewhat more conservative estimate is made of the white influx into those outer counties, then the region's loss is 205,000 whites.

### OUTER COUNTIES SHOW GAIN

The more conservative estimate of white growth in those outer counties shows the following net gain of whites:

Suffolk, 314,000; Westchester, 1,206; Rockland, 64,000; Orange, 17,500; Putnam, 18,750; Sullivan, 5,600; Ulster, 11,500 and Dutchess, 22,000.

In New Jersey: Bergen, 41,900; Morris, 93,000; Somerset, 33,000; Middlesex, 75,800; Mercer, 3,370; Monmouth, 84,000; Ocean, 68,000; Hunterdon, 9,000; Warren, 6,000; and Sussex, 20,000.

In Connecticut: Fairfield, 57,300; Litchfield, 14,000; New Haven, 6,600.

A breakdown of New York State figures shows that the gain of nonwhites was more rapid during the 1960's than in any previous decade, and that the blacks moving in were considerably younger on the average than the whites in the state.

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[The Christian Science Monitor, Jan. 13, 1972]

## CITY-SUBURB SCHOOL INTEGRATION—COURT ISSUES LANDMARK RULING

By Richard L. Strout

In many a pleasant suburb in America a nearly all-white school looks across an invisible boundary into a teeming city where many schools, in spite of busing, are predominantly black.

Now a landmark decision in Richmond, Va., by a federal court judge, wipes out that invisible educational boundary line, at least apparently within metropolitan areas.

The ruling by Judge Robert R. Merhige Jr. of the United States District Court in a case that has gone on for 10 years sets the precedent that, within the same state at least, schools within a metropolitan area must be desegregated alike and consolidation allowed.

If sustained by the Supreme Court, the ruling marks a new step in the uneasy juxtaposition in America of a population of 208 millions where approximately one in 11 is black.

It began in this century with the greatest migration in history: the movement of millions of black farm workers from the South into Northern cities.

### BLACK MAJORITIES

Today census figures show a movement of whites from cities into white suburbs; the latter now containing 76 million people, or 12 million more than the cities they surround. Detroit lost 29 percent of its white population between 1960 and 1970; Chicago 18 percent.

Washington, D.C., and Atlanta; Newark; and Gary, Ind., have black majorities, and seven other cities have more than 40 percent. The whites took the stabilizing influences of middle-class life with them, and their schools; they left behind them, in many cases, decaying center cities with slums, poverty, crime, and drugs. Economic zoning regulations in many cases have kept races divided.

The white suburbs surround the cities, like Richmond, in what is called the white noose.

The ruling carries the emotional issue of school busing into a new phase.

Following it, some think, is the deeper issue of surburban zoning, of which busing is often an adjunct.

If a black student lived close to a suburban school he wouldn't have to be bused; he would already be there.

In the '60's, the present trial shows, black students were bused from one side of a 1,700-square-mile district in Virginia to another to attend the Manassas Regional High School for blacks. This was done, it was said, for economy and segregation.

### SCHOOL BOARD SUED

Ten years ago, Sept. 5, 1961, 11 black plaintiffs sued the Richmond school board to desegregate the city's schools.

In 1970 Judge Merhige ordered a desegregation plan that required busing 13,500 of the 48,000 city students.

The Richmond school board in a startling reversal dropped its former opposition as a defendant and joined the original plaintiffs in a suit to merge city schools with suburban schools, in a metropolitan area.

Other merger proposals are now under study in other cities: Atlanta; Detroit; Indianapolis; Grand Rapids, Mich.; and the like.

Judge Merhige's ruling does not end barriers between states but within an area within a state.

In numbers, the present Richmond city school system has 52,000 students, two-thirds black. If merged with suburbs, the 106,000 total will be two-thirds white in a 752 square mile area. Busing 42,000 students already goes on, and there will be more of it under a tentative plan; 78,000 pupils to achieve desegregation.

### SOCIOLOGISTS' VIEWPOINT

From the sociologists' viewpoint, buses from the central cities can take blacks into white suburbs and return them, but the geographical racial separation still will remain.

Judge Merhige made his ruling on the flat assertion that segregated schools aren't as good. He ordered consolidation to assure "the opportunity for the plaintiff class to secure that to which they are constitutionally entitled—equality of education."

In a 325-page opinion he said at one point:

"The consolidation of the respective school systems is a first, reasonable, and feasible step toward the eradication of the effects of the past unlawful discrimination."

The decision may enter the election.

President Nixon has opposed busing when designed solely to secure racial integration unless strictly ordered by the courts. At one time he let it be known that his staff faced dismissal if they supported it.

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[The New York Times, Jan. 13, 1972]

## RICHMOND SCHOOL CASE IS CALLED SIGNIFICANT

By Ben A. Franklin

WASHINGTON, Jan. 12—Lawyers who won a landmark school desegregation decision Monday in the Federal District Court in Richmond, Va., told a news conference here today that their victory would have "vast significance" for the entire nation, but particularly for Northern cities.

The lawyers found the prospects "excellent" for withstanding appeals of the order by Judge Robert R. Merhige Jr. to consolidate the city school system with the schools of suburban Chesterfield and Henrico Counties to integrate classrooms in metropolitan Richmond.

Schools in the city system are two-thirds black and those in the suburbs are 91 per cent white. The enrollment of the merged school system would be about one-third black. Under the court orders, through pupil assignment and busing, no school in the city or the suburbs would be more than 40 per cent black.

### IMPACT IS ASSESSED

Judge Merhige's order to achieve desegregation by merging district across political boundaries would have nationwide impact if appealed to the Supreme Court and upheld there.

If the order were applied across the country, variations of this system would end "the fiction of 'integrated' schools that are really schools in the process of going black," the lawyers said.

Further, they said that it would tend to equalize school expenditures in a given metropolitan area and would curtail the "white fight to the suburbs" by offering no haven for the well-to-do from integrated metropolitan schools.

And, they said, it would tend to end the complex urban migration process in which the educational burden of integration with poorly schooled Negro students has fallen heavily on the poor whites and non-Negro minority groups of large cities, who have not been able to afford moving to the suburbs.

Should the school merger decision be overturned on appeal, the lawyers said that would be equally, and devastatingly, of national significance.

### CALLS CASE A KEY ONE

Appeals of the decision are expected to consume at least a year.

Louis R. Lucas, the 36-year-old Memphis lawyer retained by the N.A.A.C.P. Legal Defense and Educational Fund, Inc., as its chief trial counsel in the Richmond case, said, "The issue is, are we going to have another South Africa in this country—are we going to be another nation of apartheid? I thinks this case may decide it."

The lawyers' assessment that "there is no metropolitan area in the country that can escape the implications of this decision," if it is substantially upheld on appeals, came at a briefing for newsmen here. The briefing was convened at the Law School of the Catholic University of America by the lawyers for the N.A.A.C.P. fund who tried the Virginia case, and are now pursuing half a dozen others like it elsewhere, and by the Center for National Policy Review.

The year-old center, funded chiefly by the Ford Foundation, is affiliated with Catholic University. It has provided legal and other research to lawyers seeking court orders such as the one in Richmond.

At the briefing, Mr. Lucas and William L. Taylor, a former staff director of the United States Commission on Civil Rights who now heads the center discussed what they called the desirable features of the so-called metro school desegregation plan, merging urban and suburban districts.

They did not minimize what they saw as the probable white resistance to so "revolutionary" a solution to the increasing isolation of black pupils in the inner cities and whites in the suburbs.

Mr. Taylor read from Judge Merhige's opinion language that he said enunciated the new doctrine that segregation, as reflected in "racially identifiable schools," is equally as unconstitutional whether it is the product of official action or "private racism." He cited the following passages:

"School authorities may not constitutionally arrange an attendance zone system which serves only to reproduce in school facilities the prevalent pattern of housing segregation, be it publicly or privately enforced. It is tantamount to the system under a new regime and falls well below the affirmative action necessary and required [of the school authorities] to desegregate a biracial system."

### VIOLATION IS DISCERNED

"When a school board, having demonstrated concern for problems of segregation, and operating in an area where segregated housing patterns prevail and are continuing, builds its facilities and arranges zones so that school attendance is governed by housing segregation, it is operating in violation of the Constitution."

But the lawyers repeatedly sought to depict as "evolutionary rather than revolutionary" Judge Merhige's legal rationale.

Saying that Judge Merhige had found that "the states are primarily responsible for public education and that local school boards are merely subunits of the state."

Mr. Lucas contended that the Merhige opinion "merely pulls together the history of school desegregation law and comes up, I think, with the inevitable conclusion."

"When you have urban and suburban schools eight blocks apart, and one of them is 100 percent black and the other 100 percent white, and someone says they are not racially identifiable schools, this opinion removes that sort of fiction," he went on. "It's nothing really novel in terms of the power of a Federal court. If you think back to the reapportionment cases, it is simply the power of a Federal court to correct a constitutional violation."

"There is no compelling state interest, no educational purpose and therefore no justification for arbitrary school districts" that perpetuate predominantly black schools in the central cities of urban regions that have predominantly white suburban schools, Mr. Lucas said.

The two lawyers and Norman Shachkin and Ray Marcin, also of the Legal Defense Fund staff, said that Judge Merhige's decision would serve as "a reference point" at least, and perhaps "a breakthrough," in other metro school desegregation lawsuits now pending.

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[The Washington Post, Jan. 17, 1972]

## RICHMOND'S SCHOOL MERGER SPAWNS A NEW MELTING POT

By Ken Ringle and Paul G. Edwards

RICHMOND, Jan. 16—On maps at the Richmond school board office, Subdivision 3 is a lumpy triangle sprawling 13 miles along the James River's north banks, from the city's geographic heart in the black ghetto, westward across suburban Henrico County to its pine-wooded border with rural Goochland County.

Subdivision 3 is home for 17 elementary schools, eight middle schools, five high schools and 17,749 pupils, 35.3 per cent of them black.

Subdivision 3 came into existence last Tuesday—cutting across boundaries of city and county—when U.S. District Judge Robert R. Merhige Jr. ordered the consolidation of the 70 per cent black Richmond public school system with the 90 per cent white suburban school systems of Henrico and Chesterfield counties to desegregate the city's public schools.

The consolidation plan, drawn up by the city school board, calls for a unified school district broken into six subdivisions for the purpose of equalizing racial composition of the classrooms in the three jurisdictions.

Five of the subdivisions radiate from the city's core—like Subdivision 3—and the sixth lies along the southern boundary of Chesterfield County.

The mix of life styles and attitudes to be found in these subdivisions is as diverse as that in any metropolitan area in the nation.

Subdivision 3, for example, contains both the highrise downtown commercial office buildings which are turning western Henrico into another bit of jumbled suburbia, and the homes of both Gov. Linwood Holton and Judge Merhige.

Despite the vast racial, social and economic differences of the people who lived in the subdivision, the consolidation plan assures them one thing in common—most of their children will be bused to the public schools.

The plan creates a metropolitan district of 104,000 students, and 78,000 of them will use buses to get to and from their schools. It is that ingredient of the plan which draws the focus of the diversified parents in Subdivision 3; most of the 50 persons interviewed there objected to busing, but the word seemed to mean different things to different people.

Some black and white parents saw it as the physical relocation of their children to a distant school and the prospect of physically fatiguing long bus rides for elementary pupils. However, black and white parents who had grown up riding school buses in rural areas discounted the bus rides as significant problems. And to some suburban whites, busing meant the prospect of more Negroes in their children's classes.

Several of the parents interviewed felt that the merger would lead to the racial animosity they said greeted Judge Merhige's order last year, which used busing to spread the white minority of students through the city's predominantly black schools.

The two children of Jacqueline Peoples, who lives in a row of bleak, gray townhouses on W. Marshall St. in one of Richmond's black ghettos, are now bused far across the James River to Fisher Elementary School on the city's Southside. She strongly favors the consolidation plan.

"I think it's better to have it mixed," she said.

"At first we were scared when they started busing our children to Fisher. They used to go to Carver, about eight blocks from home.

"Now they love the bus ride. They leave at 8:10 and get home at 3:45. They like the school better than Carver. They have white friends. They don't visit over here but they call each other on the phone."

In a nearby redevelopment area, Charles Brown, a 32-year-old salesman for RCA, is loading clothes in his Cadillac for one of his frequent trips out of town. Brown supports the merger idea but is concerned about the loss of black identity at Richmond's two traditionally black high schools.

"You can't know what the Armstrong-Maggie Walker football game means to the black community in Richmond," he said.

"It's a day every black who ever went to high school here comes back to the city. November 28. That's the day you're gonna see people you haven't seen for one year or 10 years."

With a majority white student body in each school, Brown says, that tradition will soon fade away, but Brown supports the merger anyway. "We will never get to the bottom of integration unless we have this merger thing nationwide," he said. "All the whites move out in the county and don't want to help pay the costs of the city."

About a mile to the south, just a block from the Virginia State Penitentiary, on Oregon Hill, Dorothy Mae Harris is ushering her daughter, Dorothy Ann, 17, home from a day at Mosby Middle School.

Mosby sits atop Church Hill, a heavily black area in the city's East End, and Mrs. Harris, a white woman with her gray hair in green plastic rollers says, "I hate her going to school with them niggers. They teach everybody in school nowadays to love one another and I don't believe in that. I tell her she's got to go to school somewhere, but I hate this busing."

Dorothy Ann formerly bused herself up to predominantly white Highland Springs Elementary School in Richmond's North Side. which was just as far away as Mosby, but Mrs. Harris says distance isn't the issue: "It's the niggers."

She is unimpressed with the news that consolidation will give every school in the area a white majority.

"We've had enough of busing," she says.

Richmond's Fan District is so called because its streets fan out from Monroe Park west to the boulevard. It encompasses Virginia Commonwealth University and a square mile of tree-shaded, 50-year-old brick town houses, a white area where elderly occupants whose homes still have front porches are being replaced by young marrieds who replace the porches with low-brick patios and gas lamps and are slowly turning the area into the Richmond equivalent of Georgetown.

Bill Crump, 32, is illustrative of the new breed. After several years of work as a bank executive, he quit his job and returned to VCU to study guidance counseling. He and his wife, Julie, who acts periodically in one of Richmond's numerous amateur theaters, have two daughters, 7, and 4.

In the long tradition of most old-line Richmond families, Crump entered his older daughter in exclusive St. Catherine's School, but says he may put her in public school once the consolidation plan is under way. He strongly supports it.

"I am a militant city dweller," he said, "and to meet the problems of the inceasingly urbanized world we're living in, we're going to have to go beyond obsolescent political boundaries. We have to learn to live together and education is the basic challenge."

Interim busing in Richmond, he said, has proved "chaotic," but adds, "I would have a good deal more confidence in a school system that represented the best efforts of the state board of education and the two counties as well as the city."

Just around the corner from Crump's Allen Avenue home, a gray-haired Fan District resident, Nellie C. Radcliffe, is walking her sweater-clad 13-year-old chihuahua and pleasantly disapproving of Merhige's decision.

"He's gone beyond what a judge ought to do," she said. "If I had a child I would do anything in the world to avoid having him bused across town. I wouldn't treat my little dog like that."

Windsor Farms is probably more the symbol than the actual power base of Richmond's wealthy conservative whites, and the people who live in it's $60,000 to $100,000 Georgian and Tudor homes traditionally have sent their children to private schools—unlike the wealthy civic leaders of other Virginia cities. But there was a growing movement in Windsor Farms toward public school education, at least for the elementary pupils, until Merhige's interim busing order took effect last September.

Joan Farley, 42, recalls that when her 9-year-old son went to Mary Munford Elementary School just a short walk away, he had "lots of company." But now she struggles to think of a single family in Windsor Farms with children still in the public schools.

Her three school-aged children are now all in a Catholic parochial school, though she says that happened before Merhige's decision.

Mrs. Farley qualified all her statements by noting she might feel differently if she lived in the county, but said that in general, "for the sake of the city, I think the consolidation is a good thing."

"Busing in general I'm opposed to, and this decision may have some far-reaching effects I'm not sure I'll like, but for the inner city to survive we've got to have a public school system," she said. "This is the only way to save it right now."

In the $50,000-and-up homes of suburban whites in Cedar Ridge in western Henrico, Mary Hyman said:

"People out here support public schools, but let's face it everyone (in Cedar Ridge) can afford to send their children to private school. If I had a child that was going to be bused to the North Side, I'd scrub floors to get him out of there."

Henrico and Chesterfield counties, the principal defendants in the consolidation suit, fought long and hard against the merger concept and most Henrico residents questioned reflected that resistance. But there were a number of pockets of indifference to the consolidation question, primarily among the younger families that populate the small three-bedroom homes in the county's Tuckahoe area.

Carol Spruill, 30, a former Chesterfield County teacher and wife of an accountant, said she thinks there is "more hysteria in the local papers here (about the merger plan) than really exists. There's not much resistance to the idea of integration among the younger families."

Near one of the few black enclaves in Henrico, Miriam Blake, who is white, explains her "rather impersonal view" of the decision.

"I teach in Chesterfield; my husband works in Richmond, and my children go to school in Henrico," she says.

"We're a perfect metropolitan family."

Her only school-aged child is now a ninth grader at nearby Harry Flood Byrd Middle School, and he "can adjust to anything." So Mrs. Blake supports the consolidation with reservations, realizing she might feel differently if her children were younger.

"The parents most concerned are . . . the parents of girls," she says. "It's the old Southern business about not wanting blacks to marry their daughters. It sounds incredible but that's really what it is."

Naomi Davis, 36, may be one of the westernmost people in Subdivision 3. Her brick and cinderblock and asphalt shingle house, complete with a pickup truck carcass rusting in the back yard, is near the community of Short Pump.

"Don't get me started on Judge Merhige or I won't stop. It seems to me he's trying to give some people their constitutional rights by taking away the rights of others.

"We're country people. I've got a boy in the second grade up at Short Pump School and he's never been on Broad Street. I haven't been there myself in 10 years.

"But I'm a PTA room mother and I care about my child.

"You bus him way into the city and what's going to happen? I'm going to be scared to go into PTA meetings. The boy's going to be so far away he'll think nobody cares about him. He's going to get insecure and the next thing you know he's on dope or something.

"It's not the colored. We've got colored living just up the road. Me and Mrs. Archer there, we work together all the time in the PTA, but it's not for any integration, it's for our children . . . The educators who drew up that plan deal with numbers and figures, not with human beings. And they don't seem to realize that your child is your soul and your life."

"The politicians tell you they can get something done about this but they can't."

"That damn Harry Byrd said he thought this decision was 'regrettable.' Well, any idiot can see it's regrettable. What good is your vote if it can't affect all of this?"

But back in Richmond, Candy Hecht, who is 46 and white, offers a more hopeful view. Mrs. Hecht's small two-story brick house lies in the shadow of Richmond's World War I memorial carillon, in Richmond's only truly integrated neighborhood where $20,000 and $40,000 houses stand side by side.

"Judge Merhige's decision was very necessary," Mrs. Hecht says. "Whether we like busing or not, the time has come when someone has to pay the dues.

"It seems to me that the long-term ramification of Judge Merhige's opinion is that people will really and finally accept open housing.

"When that happens, we will have our neighborhood schools back again. But what is more important is we will finally be on our way to achieving a truly free and open multiracial society."

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